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As filed with the Securities and Exchange Commission on February 27, 2026
Registration Nos. 333- and 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM SF-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

APPALACHIAN POWER COMPANY	APPALACHIAN POWER RECOVERY FUNDING LLC
(Exact name of registrant, sponsor and depositor as specified in its charter)	(Exact name of registrant and issuing entity as specified in its charter)
Virginia	**Delaware**
(State or other jurisdiction of incorporation or organization)	(State or other jurisdiction of incorporation or organization)
1-3457	
(Commission File Number)	
0000006879	**0002106973**
(Central Index Key Number)	(Central Index Key Number)
54-0124790	**41-3000250**
(I.R.S. Employer Identification Number)	(I.R.S. Employer Identification Number)
1 Riverside Plaza **Columbus, OH 43215-2373** **(614) 716-1000**	**1051 E Cary St., Suite 1100** **Richmond, VA, 23219** **(614) 716-1519**
(Address, including zip code, and telephone number, including area code, of depositor's principal executive offices)	(Address, including zip code, and telephone number, including area code, of issuing entity's principal executive offices)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering ☐

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated February 27, 2026

PRELIMINARY PROSPECTUS

$ Series 2026-A Senior Secured SAC Bonds

Appalachian Power Company
Sponsor, Depositor and Initial Servicer
Central Index Key Number: 0000006879

Appalachian Power Recovery Funding LLC

Issuing Entity
Central Index Key Number: 0002106973

Tranche	Expected Weighted Average Life (Years)	Principal Amount Offered	Scheduled Final Payment Date	Final Maturity Date	Interest Rate[(1)]	Initial Price to Public	Underwriting Discounts and Commissions	Proceeds to issuing entity (Before Expenses)	CUSIP	ISIN
A-1		$			%			$		
A-2		$			%			$		
A-3		$			%			$		
A-4		$			%			$		

(1) Interest on the SAC bonds will accrue from , 2026. If the SAC bonds are delivered after that date, the purchaser will pay accrued interest.

The total initial price to the public is $. The total amount of the underwriting discounts and commissions is $. The total amount of proceeds to the issuing entity before deduction of expenses (estimated to be $) is $. The distribution frequency is semi-annually. The first expected payment date is , 20 .

Investing in the Series 2026-A Senior Secured SAC bonds involves risks. Please read "Risk Factors" beginning on page 25 to read about factors you should consider before buying the SAC bonds.

Appalachian Power Company, as "**depositor**", is offering up to $ aggregate principal amount of Series 2026-A Senior Secured SAC Bonds (referred to herein as the "**SAC bonds**") in tranches to be issued by Appalachian Power Recovery Funding LLC, a Delaware limited liability company (the "**issuing entity**") and wholly owned subsidiary of Appalachian Power Company. Appalachian Power Company is the "**seller**," the "**initial servicer**" and the "**sponsor**" with regard to the SAC bonds. The SAC bonds are senior secured obligations of the issuing entity only and will be secured by the SAC property, which includes the right to bill and collect an irrevocable, binding, nonbypassable charge, known as the "**SAC charge**," paid by all existing and future State Corporation Commission of the Commonwealth of Virginia-jurisdictional area retail customers of Appalachian Power Company, irrespective of the generation provider of such retail customers, including partially exempt customers (as defined below), as discussed herein. "**Virginia Commission-jurisdictional area**" refers to Appalachian Power Company's customer base in Virginia that will be subject to the SAC charges. SAC charges are required to be adjusted at least annually, with semi-annual (and, beginning 12 months prior to the scheduled final payment date of the latest maturing tranche of the SAC bonds, quarterly) or interim, as necessary, to ensure the projected recovery of amounts sufficient to provide timely payment of the scheduled principal, interest and other required amounts in connection with the SAC bonds during the next two succeeding bond payment dates and non-standard true-ups to account for updated class allocations. Credit enhancement for the SAC bonds will be provided by the true-up mechanism, as well as by funds in the general, excess funds and capital subaccounts held under the indenture governing the SAC bonds.

Each SAC bond will be entitled to interest on and of each year, beginning on , 2026. The first scheduled payment date is , 20 . Interest will accrue from the date of issuance and must be paid by the purchaser of the SAC bonds if the SAC bonds are delivered after that date. On each payment

date, scheduled principal payments shall be paid sequentially in accordance with the expected sinking fund schedule in this prospectus, but only to the extent funds are available in the collection account after payment of certain fees and expenses and after payment of interest.

The SAC bonds represent obligations only of the issuing entity, Appalachian Power Recovery Funding LLC, and are secured only by the assets of the issuing entity, consisting principally of the SAC property and related assets to support its obligations under the SAC bonds. Please read "Description of the SAC Bonds—Security for the SAC Bonds," and "Description of the SAC Property" in this prospectus. The SAC property includes the right to impose, bill, charge, collect and receive SAC charges from Appalachian Power Company's Virginia Commission-jurisdictional area retail customers in amounts sufficient to make timely payments on the SAC bonds, as described further in this prospectus. Appalachian Power Company and its affiliates, other than the issuing entity, are not liable for any payments on the SAC bonds. The SAC bonds do not obligate the Commonwealth of Virginia or any of its political subdivisions, agencies, or instrumentalities to levy any tax or make any appropriation for payment of the SAC bonds nor are they special obligations or indebtedness of the Commonwealth of Virginia or any of its political subdivisions, agencies or instrumentalities.

All matters relating to the structuring and pricing of the SAC bonds have been considered by Appalachian Power Company and the State Corporation Commission of the Commonwealth of Virginia (the "**Virginia Commission**"), acting through its financial advisor.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the SAC bonds through the book-entry facilities of The Depository Trust Company for the accounts of its participants including Clearstream Banking S.A. ("**Clearstream**") and Euroclear Bank SA/NV, as operator of the Euroclear System ("**Euroclear**") against payment on or about , 2026. There currently is no secondary market for the SAC bonds, and we cannot assure you that one will develop.

As provided in § 56-249.8 of the Code of Virginia (the "**Securitization Law**"), the Commonwealth of Virginia and its agencies, including the Virginia Commission, have pledged to and agree with holders of SAC bonds, the owners of the SAC property, and other financing parties, that the Commonwealth of Virginia and its agencies, including the Virginia Commission, will not (a) alter the provisions of the Securitization Law that (i) authorize the Virginia Commission to create an irrevocable contract right or chose in action by the issuance of the financing order, to create SAC property, and (ii) make the SAC charges imposed by the financing order irrevocable, binding, or nonbypassable charges; (b) take or permit any action that impairs or would impair the value of SAC property or the security for the SAC bonds or revises the securitized asset costs for which recovery is authorized; or (c) in any way impair the rights and remedies of the holders of SAC bonds, assignees, or other financing parties, as further described in the Securitization Law. The Virginia Commission's obligations relating to the SAC bonds, including the true-up adjustment mechanism, are direct, explicit, irrevocable and unconditional upon issuance of the SAC bonds, and are legally enforceable against the Virginia Commission, which is a United States public sector entity, in accordance with Virginia law.

Joint Book-Running Managers

Goldman Sachs & Co. LLC *(Structuring Advisor)*	**J.P. Morgan**	**RBC Capital Markets**

Co-Managers

Jefferies LLC	**Morgan Stanley**	**SMBC Nikko**

The date of this prospectus is , 2026.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement filed with the U.S. Securities and Exchange Commission or the "**SEC**". This prospectus provides information about us, the SAC bonds and Appalachian Power Company, as depositor, sponsor and initial servicer. This prospectus describes the terms of the SAC bonds offered hereby. You should carefully review this prospectus, any free writing prospectus the issuing entity files with the SEC, and the information, if any, contained in the documents referenced in this prospectus under the heading "Where You Can Find More Information."

References in this prospectus to the terms "**we**," "**us**," "**our**" or "**the issuing entity**" mean Appalachian Power Recovery Funding LLC. References to "**APCo**," "**the sponsor**," "**the initial servicer**," "**the depositor**" or "**the seller**" mean Appalachian Power Company. References to "**the servicer**" refer to APCo and any successor servicer under the servicing agreement referred to in this prospectus. References to the "**Securitization Law**" means § 56-249.8 of the Code of Virginia, established by the Virginia Legislature, providing for a financing mechanism through which electric utilities can use securitization financing for securitized asset costs, by issuing "**SAC bonds**." We also refer to the State Corporation Commission of the Commonwealth of Virginia as the "**Virginia Commission**." Unless the context otherwise requires, the terms "**Virginia Commission-jurisdictional area retail customer,**" "**customer**" or "**retail customer**" means all existing and future Virginia Commission-jurisdictional area retail customers that receive electric service within APCo's geographic service territory in the Commonwealth of Virginia (including the partially exempt customers) that have not opted out (to the extent eligible to opt out under the Securitization Law) and are therefore subject to the SAC charges, irrespective of the generation supplier of such retail customers. Pursuant to the Securitization Law, certain retail customers of APCo whose demand exceeded five megawatts during the calendar year prior to the filing of APCo's petition for a financing order with the Virginia Commission were eligible to opt out of financing their pro rata obligation for SAC charges by providing written notice to APCo within 30 days of such filing. The time period for eligible customers to exercise this opt-out right has expired, and no customer provided APCo with the written notice required to do so. Accordingly, the maximum principal amount of SAC bonds authorized to be issued was not reduced by any customer opt-out payments. Additionally, the Virginia Commission found in the financing order that APCo does not have any present or future retail access customers that are categorically exempt from the SAC charges. However, under the Securitization Law and Section 56-577 A 6 of the Code of Virginia, certain retail access customers that purchase electricity from a licensed supplier other than APCo as of February 1, 2019, are exempt from the portion of the SAC charges representing the undepreciated Amos and Mountaineer plant balances (such customers, the "**partially exempt customers**"). Because the partially exempt customers do not currently pay APCo's generation charges, they are not included in the customer base to which the plant-balance portion of the SAC charges is allocated, but they do remain subject to the portion of the SAC charges attributable to storm restoration costs and upfront financing costs. You can find a glossary of some of the other defined terms we use in this prospectus on page 148 of this prospectus.

We have included cross-references to sections in this prospectus where you can find further related discussions. You can also find references to key topics in the table of contents on the preceding pages.

We have not, and the underwriters have not, authorized anyone to give you any information other than in this prospectus and the information incorporated by reference herein. We take no responsibility for, and can provide no assurances as to the reliability of, any other information that others may give you. Neither we nor any underwriter, agent, dealer, salesperson, the Virginia Commission or APCo has authorized anyone else to provide you with any different information. Neither we nor any underwriter, agent, dealer, salesperson, the Virginia Commission or APCo take any responsibility for, and can provide any assurance as to the reliability of, any different information that others may give you. We are not offering to sell the SAC bonds in any jurisdiction where the offer or sale is not permitted. The information in this prospectus is current only as of the date of this prospectus.

We expect to deliver the SAC bonds against payment for the SAC bonds on or about the date specified in the last paragraph of the cover page of this prospectus, which will be the business day following the

date of pricing of the SAC bonds. Since trades in the secondary market generally settle in one business day, purchasers who wish to trade SAC bonds on the date prior to the first business day before the settlement date will be required, by virtue of the fact that the SAC bonds initially will settle in T+ , to specify alternative settlement arrangements to prevent a failed settlement.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements included in this prospectus may be "**forward-looking statements**" within the meaning of the Securities Act of 1933, as amended (the "**Securities Act**") and the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). Words such as "**may**," "**should**," "**expects**," "**intends**," "**projects**," "**plans**," "**believes**," "**estimates**," "**targets**," "**anticipates**" and similar expressions are used to identify these forward-looking statements. Forward-looking statements are based upon assumptions about future events that may not be accurate. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we and APCo undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

Specific factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to, those set forth below:

- state and federal legislative, judicial and regulatory actions or developments, including deregulation, re-regulation, restructuring of the electric utility industry and changes in, or changes in application of, laws or regulations applicable to various aspects of APCo's business;
- the accuracy of the servicer's estimates of market demand and prices for energy;
- the accuracy of the servicer's estimates of industrial, commercial and residential growth in APCo's customer base;
- the accuracy of the servicer's forecast of electrical consumption or the payment of SAC charges;
- the ability of APCo's customers to continue paying their utility bills;
- economic conditions in APCo's Virginia service territories, including the economy's effects on customer demand for utility services;
- mechanical breakdowns or other incidents that could impair assets and disrupt operations of any of APCo's generation facilities, transmission and distribution systems, or other operations;
- wholesale and retail competition, including alternative energy sources, growth in customer-owned power resource technologies that displace utility-supplied energy or that may be sold back to the utility, and alternative energy suppliers and delivery arrangements;
- prolonged or recurring U.S. federal government shutdowns that could adversely affect APCo's operations, regulatory approvals, and financial performance and could cause volatility in the capital markets which may interrupt APCo's access to capital;
- blackouts or disruptions of interconnected transmission systems (the regional power grid);
- economic, regulatory, or workforce impacts related to pandemics;
- changes in climate and weather conditions, including natural disasters such as wind and ice storms, hurricanes, floods, wildfires and droughts;
- acts of war and military conflicts, the effects of terrorism (including increased security costs), embargoes, cybersecurity threats, labor strikes impacting material supply chains, global information technology disruptions, and other catastrophic events;
- the impact of changes in interest rates and global market conditions on financing;
- declining energy demand related to customer energy efficiency, conservation measures, technological advancements, or increased distributed generation;
- the unpredictability of civil unrest and its direct and indirect impact on APCo; and
- other factors we discuss in this prospectus.

You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of this prospectus, and, except as required by law, we undertake no obligation to update or revise any forward-looking statement, including unanticipated events, after the date of this prospectus. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

All subsequent written and oral forward-looking statements attributable to us and APCo or to persons acting on our behalf are expressly qualified in their entirety by the applicable cautionary statements. The forward-looking statements included in this prospectus are made only as of their respective dates, and we undertake no obligation to update these statements to reflect subsequent events or circumstances, except as required by law.

OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS

NOTICE TO PROSPECTIVE INVESTORS IN THE EEA

THIS PROSPECTUS IS NOT A PROSPECTUS FOR THE PURPOSES OF REGULATION (EU) 2017/1129, AS AMENDED (THE "**PROSPECTUS REGULATION**"). THIS PROSPECTUS HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF SAC BONDS IN ANY MEMBER STATE OF THE EEA WILL BE MADE ONLY TO QUALIFIED INVESTORS WITHIN THE MEANING OF THE PROSPECTUS REGULATION (EACH, AN "**EEA QUALIFIED INVESTOR**"). ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE AN OFFER IN THE EEA OF SAC BONDS WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED IN THIS PROSPECTUS MAY DO SO ONLY WITH RESPECT TO EEA QUALIFIED INVESTORS. NEITHER WE NOR ANY UNDERWRITER HAVE AUTHORIZED, NOR DO WE OR THEY AUTHORIZE, THE MAKING OF ANY OFFER OF SAC BONDS IN THE EEA OTHER THAN TO EEA QUALIFIED INVESTORS.

EACH UNDERWRITER HAS REPRESENTED AND AGREED THAT IT HAS NOT OFFERED, SOLD OR OTHERWISE MADE AVAILABLE, AND WILL NOT OFFER, SELL OR OTHERWISE MAKE AVAILABLE, ANY SAC BONDS WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS PROSPECTUS TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, (A) THE EXPRESSION "**RETAIL INVESTOR**" MEANS A PERSON WHO IS ONE (OR MORE) OF THE FOLLOWING: (1) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU, AS AMENDED ("**MIFID II**"); OR (2) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97, AS AMENDED, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (3) AN EEA QUALIFIED INVESTOR, AND (B) THE EXPRESSION "**OFFER**" INCLUDES THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE SAC BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE FOR THE SAC BONDS.

NOTICE TO PROSPECTIVE INVESTORS IN THE UK

THIS PROSPECTUS HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF SAC BONDS IN THE UK WILL BE MADE ONLY TO QUALIFIED INVESTORS AS DEFINED IN PARAGRAPH 15 OF SCHEDULE 1 TO THE PUBLIC OFFERS AND ADMISSIONS TO TRADING REGULATIONS 2024 (EACH, A "**UK QUALIFIED INVESTOR**"). ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE AN OFFER IN THE UK OF SAC BONDS WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED IN THIS PROSPECTUS MAY DO SO ONLY WITH RESPECT TO UK QUALIFIED INVESTORS. NEITHER WE NOR ANY UNDERWRITER HAVE AUTHORIZED, NOR DO WE OR THEY AUTHORIZE, THE MAKING OF ANY OFFER OF SAC BONDS IN THE UK OTHER THAN TO UK QUALIFIED INVESTORS.

EACH UNDERWRITER HAS REPRESENTED AND AGREED THAT IT HAS NOT OFFERED, SOLD OR OTHERWISE MADE AVAILABLE, AND WILL NOT OFFER, SELL OR OTHERWISE MAKE AVAILABLE, ANY SAC BONDS WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS PROSPECTUS TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM. FOR THESE PURPOSES, (A) THE EXPRESSION "**RETAIL INVESTOR**" MEANS A PERSON WHO IS NEITHER: (a) A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW IN THE UK; NOR (b) A UK QUALIFIED INVESTOR, AND (B) THE EXPRESSION "**OFFER**" INCLUDES THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE SAC BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO BUY OR SUBSCRIBE FOR THE SAC BONDS.

THE COMMUNICATION OF THIS PROSPECTUS AND ANY OTHER DOCUMENT OR MATERIALS RELATING TO THE ISSUE OF THE SAC BONDS OFFERED HEREBY IS NOT BEING MADE, AND THIS PROSPECTUS AND SUCH OTHER DOCUMENTS AND/OR MATERIALS HAVE NOT BEEN APPROVED, BY AN AUTHORIZED PERSON FOR THE PURPOSES OF SECTION 21 OF THE FSMA. ACCORDINGLY, THIS PROSPECTUS AND SUCH OTHER DOCUMENTS AND/OR MATERIALS ARE NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM. THIS PROSPECTUS AND SUCH OTHER DOCUMENTS AND/OR MATERIALS ARE FOR DISTRIBUTION ONLY TO PERSONS WHO: (a) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND WHO FALL WITHIN THE DEFINITION OF INVESTMENT PROFESSIONALS (AS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "**ORDER**"); (b) FALL WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER; (c) ARE OUTSIDE THE UNITED KINGDOM; OR (d) ARE OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED OR DISTRIBUTED UNDER THE ORDER (EACH SUCH PERSON, A "**RELEVANT PERSON**"). THIS PROSPECTUS AND ANY SUCH OTHER DOCUMENTS AND/OR MATERIALS ARE DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS PROSPECTUS AND ANY SUCH OTHER DOCUMENTS AND/OR MATERIALS RELATE WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON IN THE UNITED KINGDOM THAT IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS PROSPECTUS OR ANY OTHER DOCUMENTS AND/OR MATERIALS RELATING TO THE ISSUE OF THE SAC BONDS OFFERED HEREBY OR ANY OF THEIR CONTENTS.

EACH OF THE UNDERWRITERS HAS REPRESENTED AND AGREED THAT (I) IT HAS ONLY COMMUNICATED OR CAUSED TO BE COMMUNICATED AND WILL ONLY COMMUNICATE OR CAUSE TO BE COMMUNICATED AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE SAC BONDS IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE ISSUING ENTITY; AND (II) IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE SAC BONDS IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

PROSPECTUS SUMMARY OF TERMS

The following section is only a summary of selected information and does not provide you with all the information you will need to make your investment decision. There is more detailed information in this prospectus. To understand all of the terms of the offering of the SAC bonds, carefully read this entire prospectus. **You should carefully consider the Risk Factors beginning on page 25 of this prospectus before you invest in the SAC bonds**.

Securities Offered:

$ Series 2026-A Senior Secured SAC Bonds, scheduled to pay principal semi-annually and sequentially in accordance with the expected sinking fund schedule. Only the SAC bonds are being offered through this prospectus.

Tranche	Principal Amount
A-1	$
A-2	$
A-3	$
A-4	$

Issuing Entity and Capital Structure:

Appalachian Power Recovery Funding LLC is a special purpose limited liability company formed under Delaware law and a direct, wholly owned subsidiary of APCo, a corporation formed under Virginia law. We were formed solely to purchase and own the SAC property, to issue the SAC bonds and to perform activities incidental thereto. Please read "Appalachian Power Recovery Funding LLC, The Issuing Entity" in this prospectus.

In addition to the SAC property, our assets will include a capital investment by APCo (and not from the proceeds of the sale of the SAC bonds) in an amount equal to 0.50% of the initial principal amount of the SAC bonds (to be held in the capital subaccount). We will also have an excess funds subaccount to retain, until the next payment date, any amounts collected and remaining after all scheduled payments on the SAC bonds have been timely made.

Issuing Entity's Address:

1051 E Cary St., Suite 1100, Richmond, VA 23219

Issuing Entity's Telephone Number:

(614) 716-1519

Depositor, Seller, Initial Servicer and Sponsor:

APCo is a regulated electric utility engaged principally in the generation, transmission, distribution, and sale of electricity in West Virginia, central and western Virginia and northeast Tennessee. As of December 31, 2025, APCo owned or partially owned 16 generating plants, consisting of 105 generating units for an aggregate net generating capacity of 6,727 megawatts ("**MW**"), and served approximately 549,000 Virginia Commission-jurisdictional area retail customers in central and western Virginia through its retail business. APCo is a Virginia corporation and a wholly owned subsidiary of American Electric Power Company, Inc., referred to as "**AEP**", a public utility holding company based in Columbus, Ohio. AEP's over 17,000 employees operate and maintain the nation's largest electricity transmission system and approximately 252,000 miles of distribution

	lines to deliver power to nearly 5.6 million retail customers in 11 states. AEP also is one of the nation's largest electricity producers with approximately 31,000 megawatts of diverse generating capacity. The SAC bonds do not constitute a debt, liability or other legal obligation of APCo or AEP.
APCo's Address:	1 Riverside Plaza, Columbus, Ohio 43215-2373
APCo's Phone Number:	(614) 716-1000
Our Relationship With the Virginia Commission:	The Virginia Commission is consulting with APCo, to the extent requested by the Virginia Commission, with respect to the structuring and pricing of the SAC bonds. Prior to the submission of the final issuance advice letter and through the period ending with the issuance of the SAC bonds, APCo will, to the extent requested by the Virginia Commission, provide the Virginia Commission or its staff with timely information so that the Virginia Commission acting for itself or through its staff can remain informed of all material aspects relating to the structuring and pricing of, and financing costs relating to, the SAC bonds and participate as directed.
Trustee:	U.S. Bank Trust Company, National Association. Please read "The Trustee" in this prospectus for a description of the trustee's duties and responsibilities under the indenture.
Purpose of Transaction:	The financing order authorizes APCo, to recover certain Virginia Commission approved securitized asset costs, through the issuance of the SAC bonds, in an aggregate principal amount not to exceed approximately $1.376 billion, equal to the sum of: (a) approximately $1.36 billion of securitized asset costs, consisting primarily of the Virginia Commission-jurisdictional area storm restoration costs incurred between January 1, 2024 and March 31, 2025, of approximately $140.6 million and the Virginia Commission-jurisdictional area share of undepreciated Amos and Mountaineer plant balances of approximately $1.2 billion, plus (b) up-front financing costs, which are estimated at approximately $11.2 million, subject to update through the issuance advice letter process, in each case net of any large customer opt-out payments.
Transaction Overview:	The Securitization Law authorizes an electric utility to recover Virginia Commission-approved securitized asset costs, including storm restoration costs and undepreciated generation plant balances, through the issuance of securitized asset cost bonds pursuant to, and supported by, an irrevocable financing order of the Virginia Commission. The Securitization Law further authorizes the Virginia Commission to impose an irrevocable, nonbypassable securitized asset cost charge on all of an electric utility's retail customers within the Virginia Commission's jurisdiction, irrespective of generation supplier. The amount, allocation among customer classes, and terms of collection of securitized asset cost charges are governed by a financing order issued to the utility by the Virginia Commission and are subject to a statutory formula-based true-up mechanism designed to correct for any over- or under-collections of the securitized asset cost charges or to otherwise ensure the timely payment of principal,

interest and all related financing costs and other required amounts and charges payable in connection with the securitized asset cost bonds.

The Securitization Law permits an electric utility to sell, assign or transfer all or a portion of its rights and interests under a financing order—including the rights to impose, bill, charge, collect and receive securitized asset cost charges, and to obtain periodic formulaic adjustments of such charges—to a special purpose entity formed by the utility, which may issue debt securities secured by, and payable from, the right to receive revenues arising from the securitized asset cost charges. As of the effective date of a financing order, securitized asset cost property is approved and, upon transfer of the securitized asset cost property to a special purpose entity, such securitized asset cost property shall be created and established in favor of the utility and its successors and assignees, constituting a present contract right consisting of the rights and interests created by the financing order and all revenues and collections arising therefrom. Following the transfer of securitized asset cost property to an assignee or the issuance of securitized asset cost bonds, whichever occurs first, the financing order becomes irrevocable, and, except for changes made pursuant to the true-up mechanism, the Virginia Commission may not amend, modify or terminate the financing order or reduce, impair, postpone, terminate or otherwise adjust securitized asset cost charges until the related securitized asset cost bonds and all approved financing costs are paid in full. In addition, the Commonwealth of Virginia and the Virginia Commission have pledged not to take or permit any action that would impair the value of the securitized asset cost property or the security for the securitized asset cost bonds, or otherwise reduce, alter or impair the securitized asset cost charges (other than as adjusted through the true-up) until the securitized asset cost bonds and all related financing costs have been paid and performed in full. However, the pledge does not preclude limitation or alteration if full compensation is made by law for the full protection of the securitized asset cost charges collected pursuant to a financing order and of the bondholders and any assignee or financing party entering into a contract with the electric utility.

The electric bills of the utility's retail customers must include the securitized asset cost charge as a separate line item that reflects both the rate and the amount of the charge and state that the assignee is the owner of the rights to the securitized asset cost charges and that the utility is acting as servicer for the assignee. Securitized asset cost charges are collected separate and apart from base rates. Consistent with the financing order, the utility's base rates, exclusive of the cost of securitized asset cost bonds, will be reduced to reflect securitization benefits, and the utility's rate base will be reduced to reflect the securitization of utility plant balances, in each case effective on the date the utility receives the securitization proceeds, including through a temporary tracker or rider until such reductions are reflected in the utility's next base rate case.

Unless the context indicates otherwise, references in this prospectus to the "**financing order**" are to the financing order issued by the Virginia State Corporation Commission to Appalachian Power

Company in Case No. PUR-2025-00116 on November 24, 2025, as further described below.

On July 31, 2025, APCo completed filing a petition with the Virginia Commission under the Commonwealth of Virginia's Securitization Law, requesting a financing order authorizing securitization of the previously discussed costs and related financing costs. Following notice, Staff investigation, and a public hearing on October 1, 2025 before a Hearing Examiner, the Virginia Commission issued its financing order on November 24, 2025 authorizing the issuance of SAC bonds and such financing order became final and no longer subject to appeal on December 24, 2025.

The financing order authorizes APCo, through the issuance of SAC bonds, to recover certain Virginia Commission approved securitized asset costs in an aggregate principal amount not to exceed approximately $1.376 billion, equal to the sum of: (a) approximately $1.36 billion of securitized asset costs, consisting primarily of the Virginia Commission-jurisdictional area storm restoration costs incurred between January 1, 2024 and March 31, 2025, of approximately $140.6 million and the Virginia Commission-jurisdictional area share of undepreciated Amos and Mountaineer plant balances of approximately $1.2 billion, plus (b) up-front financing costs, which are estimated at approximately $11.2 million, subject to update through the issuance advice letter process, in each case net of any large customer opt-out payments. No eligible large customer elected to opt out.

The financing order also authorizes: (a) APCo's proposed financing structure and issuance of the SAC bonds; (b) the creation and sale of SAC property, including the right for the imposition, collection and periodic adjustments of SAC charges sufficient to pay the SAC bonds and associated financing costs; (c) the sale of the SAC property by APCo to us; and (d) a tariff rider to implement the SAC charges.

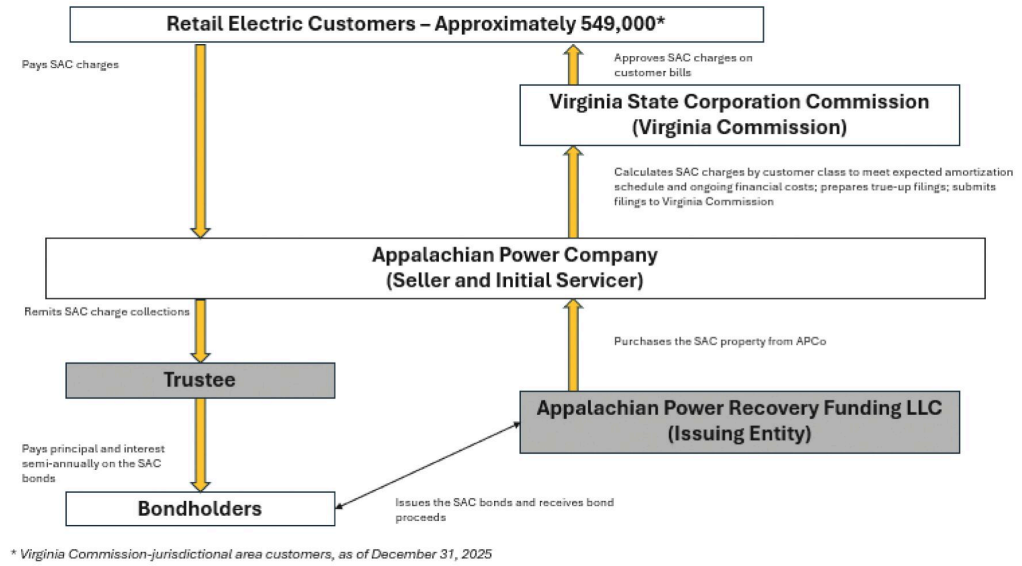
The primary transactions underlying the issuance and sale of the SAC bonds are as follows:

- APCo will transfer and sell the SAC property to us in exchange for the net proceeds from the sale of the SAC bonds;
- we will sell the SAC bonds, which will be secured primarily by the SAC property, to the underwriters named in this prospectus; and
- APCo will act as the initial servicer of the SAC property.

The SAC bonds are not obligations of the trustee, our managers, APCo, AEP or of any of their affiliates other than us. The SAC bonds are also not debt or obligations of the Commonwealth of Virginia, the Virginia Commission or any other public subdivision, agency or instrumentality of the Commonwealth of Virginia.

Parties to Transaction and Responsibilities

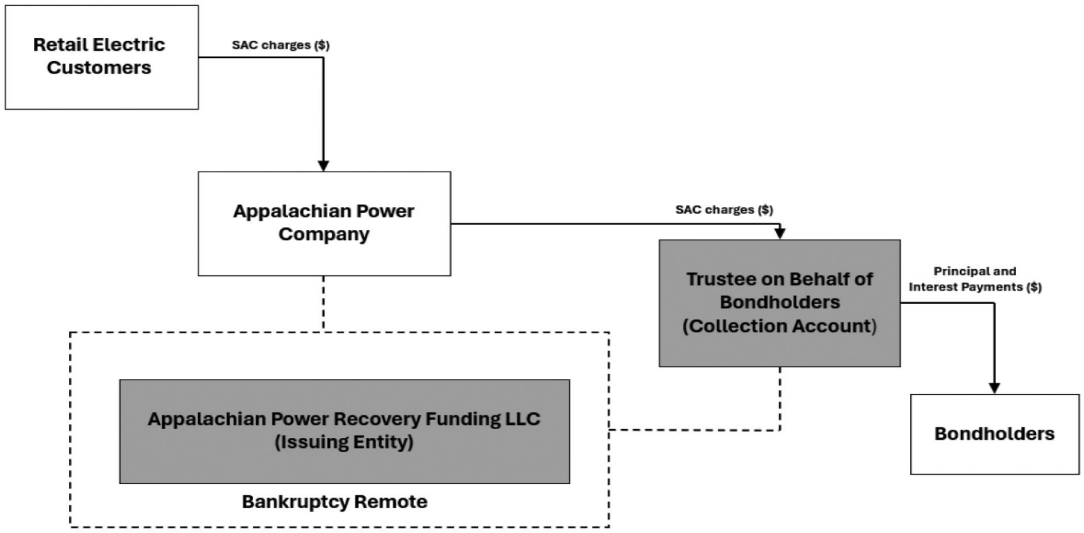
The following chart represents a general summary of the parties to the transactions underlying the offering of the SAC bonds, their roles and their various relationships to the other parties:



** Virginia Commission-jurisdictional area customers, as of December 31, 2025*

Flow of Funds

The following chart represents a general summary of the flow of funds:



The Security for the SAC Bonds:

The SAC bonds will be secured by the collateral pledged pursuant to the indenture. The principal asset of the SAC bond collateral will be the SAC property. Under the Securitization Law and financing order, APCo's right in the SAC property shall be property in the form of a

contract right or chose in action to create the SAC property and to make the SAC charges irrevocable and nonbypassable. Upon the transfer of the SAC property to us, we will have all of the rights, title and interest in the SAC property including the right to impose, bill, charge, collect and receive SAC charges from APCo's Virginia Commission-jurisdictional area retail customers, as well as to obtain periodic adjustments to such charges as provided in the financing order. In addition, the SAC property consists of all revenues, collections, claims, rights to payments, payments, money or proceeds arising from the aforementioned rights and interests.

The "SAC bond collateral," will also consist of:

- the SAC property;
- the SAC charges related to the SAC property;
- our rights under the sale agreement and the bill of sale delivered by APCo pursuant to the sale agreement, our rights under the servicing agreement, the intercreditor agreement and joinder, the administration agreement and any subservicing agency, other intercreditor, administration or collection agreements executed in connection with the servicing agreement, the intercreditor agreement and joinder, or the administration agreement;
- our rights in the collection account and all subaccounts of the collection account, including the general subaccount, the capital subaccount and the excess funds subaccount and all cash, instruments, investment property or other assets on deposit therein or credited thereto from time to time and securities entitlements carried therein or credited thereto;
- all rights to compel the servicer to file for and obtain periodic adjustments to the SAC charges or customer classes in accordance with the Securitization Law, the financing order, the applicable true-up adjustment letters, the non-standard true-up adjustment rider (if applicable) and the securitization financing rider and any securitization financing rider adjustments filed in connection therewith;
- all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing;
- all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters-of-credit rights, money, commercial tort claims and supporting obligations related to the foregoing; and
- all payments on or under, and all proceeds in respect of, any or all of the foregoing.

The subaccounts consist of a capital subaccount, which will be funded at closing in the amount of 0.50% of the initial aggregate principal amount of the SAC bonds, a general subaccount, into which the servicer will deposit all SAC charge collections, and an excess funds subaccount, into which we will transfer any amounts collected and remaining on a payment date after all payments to SAC bondholders and other parties have been made. Amounts on deposit in each of

these subaccounts will be available to make payments on the SAC bonds on each payment date. For a description of the SAC property, please read "Description of the SAC Property" in this prospectus.

For a description of the SAC bonds, please read "Description of the SAC Bonds" in this prospectus.

The SAC Property: In general terms, all of the rights and interests of SAC that are transferred to us pursuant to the sale agreement are referred to in this prospectus as the "**SAC property**." The SAC property includes the right to impose, bill, charge, collect, and receive SAC charges in amounts sufficient to pay principal and interest and ongoing financing costs in connection with the SAC bonds, to obtain periodic adjustments to such charges as provided in the financing order and all revenues, collections, claims, rights to payments, payments, money or proceeds arising from the foregoing rights and interests. SAC charges are payable by APCo's customers.

The SAC property is the principal collateral securing the SAC bonds. SAC charges authorized in a financing order are irrevocable and not subject to reduction, impairment, or adjustment by further action of the Virginia Commission, except for the required annual true-up adjustment, with semi-annual (and, beginning 12 months prior to the scheduled final payment date of the latest maturing tranche of the SAC bonds, quarterly) or interim adjustments, as necessary, to ensure the projected recovery of amounts sufficient to provide timely payment of the scheduled principal, interest and other required amounts in connection with the SAC bonds during the next two succeeding bond payment dates and non-standard true-ups to account for updated class allocations and the non-standard true-up adjustment to update class allocations. Please read "APCo's Financing Order—True-Ups" in this prospectus. All revenues and collections resulting from SAC charges are part of the SAC property.

We will purchase the SAC property from APCo to support the issuance of the SAC bonds. APCo, as the initial servicer, will bill and collect the SAC charges from its customers. APCo will include the SAC charges in its bills to its customers and is required to show the SAC charges as a separate line item, reflecting both the rate and amount of the SAC charges. The servicer is also required to provide a statement on customer bills that we are the owner of the rights to the SAC charges and that APCo is acting as servicer for us as required by § 56-249.8 D 1 of the Securitization Law.

State and Virginia Commission Pledges: The Commonwealth of Virginia has pledged in the Securitization Law that it will not alter the provisions of the part of the Securitization Law which authorizes the Virginia Commission to create an irrevocable contract right or chose in action by the issuance of a financing order, to create securitized asset cost property, and to make the securitized asset cost charges imposed by a financing order irrevocable, binding and nonbypassable charges, take or permit any action that impairs or would impair the value of the SAC property, or, except for true-up adjustments discussed in "APCo's Financing

Order—True-ups" and "The Servicing Agreement—SAC Charge Adjustment Process" in this prospectus, reduce, alter or impair the SAC charges to be imposed, collected and remitted for the benefit of the SAC bondholders until the principal, interest and premium, if any, and any other fees, expenses or charges incurred and contracts to be performed in connection with the SAC bonds have been paid and performed in full. Please read "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions" and "The Securitization Law—APCo and Other Utilities May Securitize Securitized Asset Costs and Related Financing and Ongoing Costs" in this prospectus.

The Virginia Commission is a constitutional agency established under Article IX of the Virginia Constitution. The Virginia Commission has pledged in the financing order that subsequent to the transfer of securitized asset cost property to an assignee or the issuance of securitized asset cost bonds authorized therein, whichever is earlier, the financing order is irrevocable and, except for changes made pursuant to the formula-based adjustment mechanism authorized under the financing order, it may not amend, modify or terminate the financing order by any subsequent action or reduce, impair, postpone, terminate, or otherwise adjust SAC charges approved in the financing order. Please read "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions" and "APCo's Financing Order—Virginia Commission Pledge" in the prospectus.

True-up Mechanism for Payment of Scheduled Principal and Interest:

SAC charges are required to be adjusted pursuant to a true-up adjustment mechanism to ensure the projected recovery of amounts sufficient to provide timely payment of the scheduled principal, interest and other required amounts in connection with the SAC bonds.

The servicer is required to, at least annually, make a true-up adjustment; provided that, the servicer shall implement a semi-annual true-up (and, beginning 12 months prior to the scheduled final payment date, quarterly), if the servicer forecasts that SAC charge collections during the current relevant period will be insufficient to make all scheduled payments of principal, interest, and other amounts in respect of the SAC bonds on a timely basis, to replenish any draws upon the capital subaccount, or to pay ongoing financing costs on a timely basis.

The servicer may also make interim true-up adjustments more frequently if the servicer forecasts that SAC charge collections will be insufficient to make, on a timely basis, all scheduled payments of interest and other financing costs in respect of the SAC bonds and/or to replenish any draws on the capital subaccount.

In addition, the servicer also has the right to effect a non-standard true-up in the event of a significant and sustained change in the forecasted load of any customer class. For purposes of this non-standard true-up, a significant change is deemed to have occurred if the forecasted load of any customer class for the upcoming

remittance period is projected to increase or decrease by ten percent or more compared to the original projected load for that class as set forth in the financing order or in the most recent application of the true-up mechanism or the non-standard true-up.

Please read "The SAC Charges," "APCo's Financing Order" and "The Servicing Agreement —SAC Charge Adjustment Process" in this prospectus.

Nonbypassable SAC Charges:

The nonbypassable SAC charges are separate and apart from APCo's base rates and shall be paid by all Virginia Commission-jurisdictional area retail customers of APCo or its successors or assignees, irrespective of the generation supplier of such customer, under Virginia Commission-approved rate schedules as provided in the financing order.

In the financing order, the Virginia Commission found that APCo does not have any present or future retail access customers that are categorically exempt from the SAC charges. However, under the Securitization Law and Section 56-577 A 6 of the Code of Virginia, partially exempt customers are exempt from the portion of the SAC charges representing the undepreciated Amos and Mountaineer plant balances. Because the partially exempt customers do not currently pay APCo's generation charges, they are not included in the customer base to which the plant-balance portion of the SAC charges is allocated, but they do remain subject to the portion of the SAC charges attributable to storm restoration costs and upfront financing costs. As of December 31, 2025, there were 7 total partially exempt customers, representing approximately 0.05% of total revenue and 2.37% of total kilowatt-hours of APCo during that same period. Section 56-577 A 6 of the Code of Virginia applies only to customers that took such action as of February 1, 2019, and accordingly the number of partially exempt customers is fixed and cannot increase. The number of partially exempt customers may decrease over time and, if any current partially exempt customer becomes subject to APCo's generation charges by purchasing electricity supplied by APCo, then such customer will no longer be a partially exempt customer and will be subject to the full SAC charges. Please read "The SAC Charges," "APCo's Financing Order" and "The Servicing Agreement —SAC Charge Adjustment Process" in this prospectus.

APCo's Prior Experience With Cost Recovery Securitizations:

The SAC bonds are the first issuance of bonds APCo has sponsored in Virginia and that are secured by SAC property pursuant to the Securitization Law. However, AEP through its other subsidiaries has prior experience as servicer in the issuance of bonds similar to the SAC bonds, including servicing experience by APCo (in the State of West Virginia) and AEP's subsidiaries such as Southwestern Electric Power Company, Kentucky Power Company, Public Service Company of Oklahoma, AEP Texas, Inc. and Ohio Power Company. Please Read "Servicing Experience" in this prospectus for additional information about AEP's experience as servicer.

Initial SAC Charge as a Percentage of Customer's Total Electricity Bill: The initial SAC charge would represent approximately % of the total bill for a typical 1,000 kWh/month Virginia Commission-jurisdictional area residential customer as of , 2026.

Payment Dates: Interest on the SAC bonds is payable semi-annually on and . Interest will be calculated on a 30/360 basis. The first scheduled interest and principal payment date is , 20 .

Interest Payments: Interest is due on each payment date. Interest will accrue with respect to SAC bonds from the date we issue the SAC bonds at the interest rate specified in the table below.

Tranche	Interest Rate
A-1	%
A-2	%
A-3	%
A-4	%

If any payment date is not a business day, payments scheduled to be made on such date may be made on the next succeeding business day and no interest shall accrue upon such payment during the intervening period.

On each payment date, we will pay interest on the SAC bonds equal to the following amounts:

- if there has been a payment default, any interest payable but unpaid on any prior payment dates, together with interest on such unpaid interest, if any; and
- accrued interest on the principal balance of the SAC bonds from the close of business on the preceding payment date, or the date of the original issuance of the SAC bonds, as applicable, after giving effect to all payments of principal made on the preceding payment date, if any.

We will pay interest on the SAC bonds before we pay the principal of the SAC bonds. Please read "Description of the SAC Bonds—Payments of Interest and Principal on the SAC Bonds" in this prospectus. We will calculate interest on the basis of a 360-day year of 12 30-day months.

Principal Payments and Record Dates and Payment Sources: On each payment date for the SAC bonds, referred to in this prospectus as a "**payment date**," we will pay amounts of principal and interest then due or scheduled to be paid on the SAC bonds from amounts available in the collection account and the related subaccounts held by the trustee. We will make these payments to the holders of record of the SAC bonds on each record date, referred to in this prospectus as a "**record date**." These available amounts, which will include the applicable SAC charges collected by the servicer and remitted to us since the last payment date, are described in greater detail under "Description of the SAC Bonds—The Collection Account for the SAC Bonds." The trustee will pay the principal of the SAC bonds in the amounts and on the payment dates specified in the

expected sinking fund schedule described in this prospectus, but only to the extent SAC charge collections received from the servicer and amounts available from trust accounts held by the trustee are sufficient to make principal payments after payment of amounts having a higher priority of payment. Please read "Description of the SAC Bonds—How Funds in the Collection Account Will Be Allocated" in this prospectus.

Failure to pay a scheduled principal payment on any payment date or the entire outstanding amount of a tranche of the SAC bonds by the scheduled final payment date for that tranche will not result in a default. The failure to pay the entire outstanding principal balance of a tranche of the SAC bonds will result in a default only if such payment has not been made by the final maturity date for that tranche.

If there is a shortfall in the amounts available to make principal payments on the SAC bonds that are due and payable, on a final maturity date or upon an acceleration following an event of default, the trustee will distribute principal from the collection account based on the principal amount then due and payable on the payment date; and if there is a shortfall in the remaining amounts available to make principal payments on the SAC bonds that are scheduled to be paid, and if more than one tranche is scheduled to be paid on such payment date, the trustee will distribute principal from the collection account sequentially in the numerical order of such tranches.

Weighted Average Life:

Tranche	Expected Weighted Average Life (years)
A-1	
A-2	
A-3	
A-4	

Scheduled Final Payment Dates and Final Maturity Dates:

The scheduled final payment dates and the final maturity dates of the SAC bonds are as set forth in the table below:

Tranche	Scheduled Final Payment Date	Final Maturity Date
A-1		
A-2		
A-3		
A-4		

Optional Redemption: None. Non-call for the life of the SAC bonds.

Mandatory Redemption: None. We are not required to redeem the SAC bonds at any time prior to maturity.

Priority of Payments: On each payment date for the SAC bonds, the trustee shall apply all amounts on deposit in the collection account, including all investment

earnings thereon, to pay the following amounts for the SAC in the following order of priority:

1. all amounts owed by us to the trustee (including legal fees and expenses and outstanding indemnity amounts), not to exceed $200,000 in any 12-month period; provided, however, that such cap shall be disregarded and inapplicable upon the acceleration of the SAC bonds following the occurrence of an event of default;

2. payment of the servicing fee relating to the SAC bonds with respect to such payment date, plus any unpaid servicing fees relating to the SAC bonds from prior payment dates;

3. payment of the due and unpaid administration fee, which will be a fixed amount specified in the administration agreement between us and APCo, and the due and unpaid fees of our independent managers, which will be in an amount specified in an agreement between us and our independent managers;

4. payment of all of our other ordinary and periodic operating expenses relating to the SAC bonds for such payment date, such as accounting and audit fees, rating agency fees, legal fees and certain reimbursable costs of the servicer under the servicing agreement;

5. payment of the interest then due on the SAC bonds, including any past-due interest;

6. payment of the principal due to be paid on any tranche of the SAC bonds on a final maturity date or acceleration upon an event of default;

7 .payment of the principal then scheduled to be paid on a tranche of the SAC bonds pursuant to the expected sinking fund schedule, including any previously unpaid scheduled principal;

8. payment of any unpaid fees, expenses and indemnity amounts owed to the trustee;

9. payment of any of our remaining unpaid operating expenses and any remaining amounts owed pursuant to the basic documents;

10. replenishment of the amount, if any, by which the required capital balance of the capital subaccount exceeds the amount in the capital subaccount as of such payment date;

11. the return on invested capital to APCo then due and payable;

12. allocation of the remainder, if any, to the excess funds subaccount for distribution on subsequent payment dates; and

13. after the SAC bonds have been paid in full and discharged, and all of the other foregoing amounts have been paid in full, the balance, together with all amounts in the capital subaccount and the excess funds subaccount, released to us free and clear of the lien of the indenture and series supplement.

The amount of the servicer’s fee referred to in clause 2 above will be 0.05% of the aggregate initial principal amount of the SAC bonds (for so long as APCo is the servicer) on an annualized basis. In the event of the appointment of a successor servicer that is not an affiliate of

APCo, the servicing fee shall not, unless the Virginia Commission consents, exceed 0.60% of the initial aggregate principal amount of the SAC bonds. The priority of distributions for the collected SAC charges, as well as available amounts in the subaccounts, are described in more detail under "Description of the SAC Bonds—How Funds in the Collection Account Will Be Allocated."

Credit Enhancement:

Credit enhancement for the SAC bonds will be as follows:

- *True-Up Mechanism*. The Virginia Commission will approve adjustments to the SAC charges, but only upon petition of the servicer, to make up for any shortfall or reduce any excess in collected SAC charges. We sometimes refer to these adjustments as "true-up adjustments" or the "true-up mechanism." SAC charges are required to be adjusted at least annually, with semi-annual (and, beginning 12 months prior to the last scheduled final payment date for the last maturing tranche of the SAC bonds, quarterly), or interim adjustments to ensure the projected recovery of amounts sufficient to provide timely payment of the scheduled principal, interest and other ongoing financing costs in connection with the SAC bonds and to replenish any draws on the capital subaccount. Please read "APCo's Financing Order—True-Ups" in this prospectus.
- *Non-Standard True-Up*. In addition to the true-up mechanisms described above, the servicer also has the right to effect a non-standard true-up in the event of a significant and sustained change in the forecasted load of any customer class. For purposes of this non-standard true-up, a significant change is deemed to have occurred if the forecasted load of any customer class for the upcoming remittance period is projected to increase or decrease by ten percent or more compared to the original projected load for that class as set forth in the financing order or in the most recent application of the true-up mechanism or the non-standard true-up. Please read "APCo's Financing Order—True-Ups" in this prospectus.
- *Collection Account*. Under the indenture, the securities intermediary will hold a collection account for the SAC bonds, divided into various subaccounts. The primary subaccounts for credit enhancement purposes are
    - the general subaccount-the trustee will deposit into the general subaccount all SAC charge collections remitted to it by the servicer with respect to the SAC bonds and investment earnings on amounts in the general subaccount;
    - the capital subaccount-APCo will deposit an amount equal to 0.50% of the initial principal amount of the SAC bonds into the capital subaccount on the date of issuance of the SAC bonds; and
    - the excess funds subaccount-any excess amount of collected SAC charges and investment earnings on amounts in the excess funds subaccount of SAC bonds will be held in the excess funds subaccount.

	Each of these subaccounts for the SAC bonds, in addition to any other subaccounts that may be created pursuant to the indenture, will be available to make payments on the SAC bonds on each payment date.
Reports to SAC Bondholders:	Pursuant to the indenture, the trustee shall make available electronically on its reporting website to each of the SAC bondholders a statement provided and prepared by the servicer containing information concerning, among other things, us and the collateral for the SAC bonds. Unless and until the SAC bonds are issued in definitive certificated form, the reports for the SAC bonds will be provided to The Depository Trust Company. The reports will be available to beneficial owners of the SAC bonds on the reporting website of the trustee or upon written request to the trustee or the servicer. These reports will not be examined and reported upon by an independent public accountant. In addition, no independent public accountant will provide an opinion thereon. Furthermore, if required by the Trust Indenture Act, the trustee will be required to make available electronically on its website a brief annual report to all SAC bondholders containing information concerning the trustee. Please read "Description of the SAC Bonds—Reports to SAC Bondholders" and "—The Trustee Must Provide an Annual Report to All SAC Bondholders" in this prospectus.
Servicing Compensation:	We will pay the servicer on each payment date the servicing fee with respect to the SAC bonds. As long as APCo or any affiliated entity acts as servicer, this fee will be 0.05% of the initial principal amount of the SAC bonds on an annualized basis, plus reimbursement for its out-of-pocket costs for external accounting and legal services, and subject to the adjustment mechanism described in the financing order. If a successor servicer is appointed, the servicing fee will be negotiated by the successor servicer and the trustee (acting at the written direction of the holders of a majority in principal amount of the SAC bonds), but will not, unless the Virginia Commission consents, exceed 0.60% of the initial principal amount of the SAC bonds on an annualized basis. In no event will the trustee be liable for any servicing fee in its individual capacity or its capacity as trustee.
Federal Income Tax Status:	Sidley Austin LLP expects to issue an opinion, that, for federal income tax purposes (1) we will not be treated as a taxable entity separate and apart from APCo, our sole member, and (2) based on Revenue Procedure 2005-62, 2005-2 CB 507 as modified by Revenue Procedure 2024-15, 2024-12 I.R.B. 717, the SAC bonds will constitute indebtedness of APCo. Each beneficial owner of a SAC bond, by acquiring a beneficial interest, agrees to treat such SAC bond as indebtedness of our sole member secured by the collateral for federal (and, to the extent applicable, state) income tax purposes unless otherwise required by appropriate taxing authorities. Please read "Material U.S. Federal Income Tax Consequences" in this prospectus.
Virginia State Income Tax Status:	Troutman Pepper Locke LLP, special Virginia tax counsel to us and to APCo, expects to issue an opinion that interest paid on the SAC bonds generally will be taxed for Virginia income tax purposes

	consistently with its taxation for U.S. federal income tax purposes and (assuming that the SAC bonds will be treated as debt obligations of APCo for U.S. federal income tax purposes) such interest received by a person who is not otherwise subject to corporate or personal income tax in the Commonwealth of Virginia will not be subject to tax in Virginia. Troutman Pepper Locke LLP also expects to issue an opinion, that, for Virginia income tax purposes (a) we will not be treated as a taxable entity separate and apart from APCo, our sole member; and (b) the SAC bonds will constitute indebtedness of APCo, assuming, in each case, that such treatment applies for U.S. federal income tax purposes. Please read "Material U.S. Federal Income Tax Consequences" and "Material Virginia Income Tax Consequences" in this prospectus.
ERISA Considerations:	Employee benefit plans, plans or other arrangements that are subject to (a) ERISA or Section 4975 of the Internal Revenue Code; or (b) any federal, state, local or other law that is similar to the fiduciary responsibility provisions of Title I of ERISA or the prohibited transaction provisions of Title I of ERISA or Section 4975 of the Internal Revenue Code ("**applicable similar law**") and investors acting on behalf of, or using assets of, such employee benefit plans, plans or arrangements may acquire the SAC bonds subject to specified conditions. The acquisition, holding or disposition of the SAC bonds could be treated as a direct or indirect prohibited transaction under ERISA and/or Section 4975 of the Internal Revenue Code or in the case of employee benefit plans, plans or arrangements subject to applicable similar law, could be treated as a violation of such applicable similar law. Accordingly, by purchasing and holding the SAC bonds, each investor that is or is acting on behalf of, or using assets of, such an employee benefit plan, plan or arrangement subject to ERISA and/or Section 4975 of the Internal Revenue Code or applicable similar law will be deemed to certify that the purchase, holding and subsequent disposition of the SAC bonds will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code, in the case of an employee benefit plan, plan or arrangement subject to applicable similar law, will not constitute or result in a violation of applicable similar law. Please read "ERISA Considerations" in this prospectus.
Credit Ratings:	The SAC bonds are expected to receive credit ratings from at least two nationally recognized statistical rating organizations. See "Ratings for the SAC Bonds" in this prospectus.
Use of Proceeds:	Upon the issuance and sale of the SAC bonds, we will use the net proceeds to pay to APCo the purchase price of APCo's rights under the financing order, which are SAC property. The net proceeds from the sale of the SAC property will be applied in accordance with the financing order, and shall be used to finance approximately $1.36 billion of securitized asset costs, *plus* up-front financing costs of issuing the SAC bonds of approximately $11.2 million. Please read "Use of Proceeds" in the prospectus.

Investment Company Act Registration:	We anticipate relying on the exclusion or exemption from the definition of "investment company" under the Investment Company Act contained in Rule 3a-7 of the Investment Company Act, although there may be additional exclusions or exemptions available to us. We are being structured so as not to constitute a "covered fund" for purposes of the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
Risk Retention:	The SAC bonds are not subject to the 5% risk retention requirements imposed by Section 15G of the Exchange Act due to the exemption provided in Rule 19(b)(8) of the risk retention regulations in 17 C.F.R. Part 246 of the Exchange Act or Regulation RR. For information regarding the requirements of the EU Securitization Regulation and the UK Securitization Framework as to risk retention and other matters, please read "Risk Factors—Other Risks Associated with an Investment in the SAC Bonds—Regulatory provisions affecting certain investors could adversely affect the liquidity and the regulatory treatment of investments in the SAC bonds" in this prospectus.
Minimum Denomination:	$100,000 or integral multiples of $1,000 in excess thereof, except for one bond of each tranche which may be of a smaller denomination.
Expected Settlement:	, 2026, settling flat. DTC, Clearstream and Euroclear.
Risk Factors:	**You should consider carefully the risk factors beginning on page 25 of this prospectus before you invest in the SAC bonds.**

SUMMARY OF RISK FACTORS

Set forth below is a summary of the material risk factors which you should consider before deciding whether to invest in the SAC bonds. These risks can affect the timing or ultimate payment of the SAC bonds and the value of your investment in the SAC bonds.

- You may experience material payment delays or incur a loss on your investment in the SAC bonds because the source of funds for payment is limited.

Risks associated with potential judicial, legislative or regulatory actions

- We and APCo are not obligated to indemnify you for changes in law.
- Future judicial action could reduce the value of your investment in the SAC bonds.
- Future state action could reduce the value of your investment in the SAC bonds.
- The Virginia Commission might attempt to take actions that could reduce the value of your investment in the SAC bonds.
- The servicer may not fulfill, or may be unsuccessful in any attempt to fulfill, its obligations to act on behalf of the SAC bondholders to protect bondholders from actions by the Virginia Commission or the Commonwealth of Virginia.
- A municipal entity may seek to acquire portions of APCo's electric distribution facilities and avoid payment of the SAC charges.

Servicing Risks

- Your investment in the SAC bonds depends on APCo or its successor or assignee, acting as servicer of the SAC property.
- Inaccurate forecasting of electricity consumption or unanticipated delinquencies or write-offs might reduce scheduled payments on the SAC bonds.
- If we have to replace APCo as the servicer, we may experience difficulties finding and using a replacement servicer.
- Changes to billing and collection practices might result in delays in collections which may reduce the value of your investment in the SAC bonds.
- Limits on rights to terminate service might make it more difficult to collect the SAC charges.
- If the servicer enters bankruptcy proceedings, the remittance of SAC charges by the servicer prior to the date of bankruptcy might constitute preferences, which means these funds might be unavailable to pay amounts owing on the SAC bonds.

Storm related risks

- Storm damage to APCo's service territories could impair payment of the SAC bonds.

Risks associated with the unusual nature of the SAC property

- Future adjustments to the SAC charges by customer class might result in insufficient collection.
- Foreclosure of the trustee's lien on the SAC property might not be practical, and acceleration of the SAC bonds before maturity might have little practical effect.

Risks associated with potential bankruptcy proceedings of the seller or the servicer

- The servicer will commingle the SAC charges with other revenues it collects, which might obstruct access to the SAC charges in case of the servicer's bankruptcy and reduce the value of your investment in the SAC bonds.
- The bankruptcy of APCo might result in losses or delays in payments on the SAC bonds.
- The sale of the SAC property might be construed as a financing and not a sale in a case of APCo's bankruptcy which might delay or limit payments on the SAC bonds.
- If the servicer enters bankruptcy proceedings, the remittance of certain SAC charges by the servicer prior to the date of bankruptcy might constitute preferences, which means these funds might be unavailable to pay amounts owed on the SAC bonds.
- Claims against APCo might be limited in the event of a bankruptcy of the seller.
- The bankruptcy of APCo might limit the remedies available to the trustee.

Other risks associated with an investment in the SAC bonds

- APCo's indemnification obligations under the sale agreement and the servicing agreement are limited and might not be sufficient to protect your investment in the SAC bonds.
- The credit ratings are no indication of the expected rate of payment of principal on the SAC bonds.
- The SAC bonds' credit ratings might affect the market value of the SAC bonds.
- Alternatives to purchasing electricity through APCo's distribution facilities may be more widely utilized by customers in the future.
- The absence of a secondary market for the SAC bonds might limit your ability to resell the SAC bonds.
- You might receive principal payments for the SAC bonds later than you expect.
- APCo may cause the issuance, by another subsidiary or affiliated entity, of additional SAC bonds secured by additional SAC property that includes a nonbypassable charge on customers.
- APCo's operations are subject to risks beyond its control, including cyber-security intrusions, terrorist attacks or other catastrophic events, which could limit APCo's operations and ability to service the SAC property.
- If the investment of collected SAC charges and other funds held by the trustee in the collection account results in investment losses or the investments become illiquid, you may receive payment of principal and interest on the SAC bonds later than you expect.
- Regulatory provisions affecting certain investors could adversely affect the liquidity and the regulatory treatment of investments in the SAC bonds.

RISK FACTORS

Please carefully consider all the information we have included or incorporated by reference in this prospectus, including the risks described below and the statements in "Cautionary Statement Regarding Forward-Looking Information," before deciding whether to invest in the SAC bonds.

You may experience material payment delays or incur a loss on your investment in the SAC bonds because the source of funds for payment is limited.

The only source of funds for payment of the SAC bonds will be our assets, which consist of:

- the SAC property securing the SAC bonds, including the right to impose, bill, charge, collect and receive SAC charges;
- the funds on deposit in the accounts held by the trustee; and
- our rights under various contracts we describe in this prospectus.

The SAC bonds are not a charge on the full faith and credit or taxing power of the Commonwealth of Virginia or any governmental agency or instrumentality, nor will the SAC bonds be insured or guaranteed by APCo, including in its capacity as the sponsor, depositor, seller or initial servicer, or by its parent, AEP, any of their respective affiliates (other than us), the trustee or any other person or entity. The SAC bonds will be nonrecourse obligations, secured only by the collateral pledged to secure the SAC bonds under the indenture. Delays in payment on the SAC bonds might result in a reduction in the market value of the SAC bonds and, therefore, the value of your investment in the SAC bonds. Thus, you must rely for payment of the SAC bonds solely upon the collections of the SAC charges, and funds on deposit in the accounts held by the trustee. Our organizational documents restrict our right to acquire other assets unrelated to the transactions described in this prospectus. Please read "Appalachian Power Recovery Funding LLC, The Issuing Entity" in this prospectus.

RISKS ASSOCIATED WITH POTENTIAL JUDICIAL, LEGISLATIVE OR REGULATORY ACTIONS

We and APCo are not obligated to indemnify you for changes in law.

Neither we nor APCo, nor any affiliate, successor or assignee, will indemnify you for any changes in the law, including any federal preemption or repeal or amendment of the Securitization Law, that might affect the value of the SAC bonds. APCo will agree in the sale agreement to institute any legal or administrative action or proceeding as may be reasonably necessary to block or overturn any attempts to cause a repeal, modification or supplement to the Securitization Law that would be materially adverse to us, the trustee or the SAC bondholders. However, we cannot assure you that APCo would be able to take this action or that any such action would be successful. Although APCo or any successor assignee might be required to indemnify us if legal action based on the law in effect at the time of the issuance of the SAC bonds invalidates the SAC property, such indemnification obligations do not apply for any changes in law after the date the SAC bonds are issued, whether such changes in law are effected by means of any legislative enactment, any constitutional amendment or any final and non-appealable judicial decision. Please read "The Sale Agreement—APCo's Covenants" in this prospectus.

Future judicial action could reduce the value of your investment in the SAC bonds.

The SAC property is a creation of the Securitization Law and the financing order that has been issued by the Virginia Commission to APCo pursuant to the Securitization Law. The Securitization Law was amended and reenacted in March 2025. There is uncertainty associated with investing in bonds payable from an asset that depends for its existence on legislation because there is limited judicial or regulatory experience implementing and interpreting the legislation.

The Securitization Law or any financing order or any provision thereof might be directly contested in courts or otherwise become the subject of litigation. Because the SAC property is a creation of the Securitization Law

and the financing order, any judicial determination affecting the validity of or interpreting the Securitization Law or the financing order, the SAC property or our ability to make payments on the SAC bonds might have an adverse effect on the value of the SAC bonds or cause a delay in the recovery of your investment. As of the date of this prospectus, no such litigation has arisen; however, we cannot assure you that a lawsuit challenging the validity of the Securitization Law or any financing order will not be filed in the future or that, if filed, such lawsuit will not be successful. If an invalidation of any relevant underlying legislative provision or any financing order provision were to result from such litigation, you might lose some or all of your investment or might experience delays in recovering your investment. Please read "The Securitization Law—Constitutional Matters" in this prospectus.

Other states have passed laws with financing provisions similar to some provisions of the Securitization Law, and some of these laws have been challenged by judicial actions or utility commission proceedings. To date, none of these challenges has succeeded, but future judicial challenges might be made. An unfavorable decision regarding another state's law would not automatically invalidate the Securitization Law or the financing order, but it might provoke a challenge to the Securitization Law or the financing order, establish a legal precedent for a successful challenge to the Securitization Law or the financing order or heighten awareness of the political and other risks of the SAC bonds, and in that way may limit the liquidity and value of the SAC bonds. Therefore, legal activity in other states may indirectly affect the value of your investment in the SAC bonds.

Future state action could reduce the value of your investment in the SAC bonds.

Despite the Commonwealth of Virginia's pledges in the Securitization Law and the financing order, respectively, not to take or permit certain actions that would impair the value of the SAC property or the SAC charges, the Virginia legislature might attempt to repeal or amend the Securitization Law in a manner that limits or alters the SAC property so as to reduce its value. For a description of the Commonwealth of Virginia's pledge, please read "The Securitization Law-APCo and Other Utilities May Securitize Securitized Asset Costs and Related Financing and Ongoing Costs" in this prospectus. As of the date of this prospectus, we are not aware of any pending legislation in the Virginia legislature that would affect any provisions of the Securitization Law.

Except as described in "The Sale Agreement —APCo's Obligation to Indemnify Us and the Trustee and to Take Legal Action" in this prospectus, neither we, APCo, nor any of its successors, assignees or affiliates will indemnify you for any change in law, including any amendment or repeal of the Securitization Law, that might affect the value of the SAC bonds.

If an action of the Virginia legislature or the Virginia Commission adversely affecting the SAC property or the ability to collect SAC charges were considered a "taking" under the United States or Virginia Constitutions, the Commonwealth of Virginia might be obligated to pay full compensation in an amount equal to the estimated value of the SAC property at the time of the taking. However, even in that event, there is no assurance that any amount provided as compensation would be sufficient for you to recover fully your investment in the SAC bonds or to offset interest lost pending such recovery.

Nothing in the Commonwealth of Virginia's or Virginia Commission's pledge precludes any limitation or alteration of the Securitization Law or the financing order if full compensation is made by law for the full protection of the SAC charges collected pursuant to the financing order and of the holders of the SAC bonds and any assignee or financing party entering into a contract with APCo. It is unclear what "full compensation" and "full protection" would be afforded to the holders of SAC bonds by the Commonwealth of Virginia or the Virginia Commission if such limitation or alteration were attempted.

In order to place a state constitutional amendment on the ballot, a ballot measure on such a proposed amendment must be passed by a majority vote of the members elected to each house of the Virginia General Assembly during two successive legislative sessions, with a general election for the House of Delegates occurring between such sessions. Absent an amendment to the Virginia Constitution, the Securitization Law

cannot be amended or repealed by direct action of the electorate of the Commonwealth of Virginia. The enforcement of any rights against the Commonwealth of Virginia or the Virginia Commission under their respective pledges may be subject to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against state and local governmental entities in Virginia. These limitations might include, for example, the necessity to exhaust administrative remedies prior to bringing suit in a court, or limitations on type and locations of courts in which the Commonwealth of Virginia or the Virginia Commission may be sued, or limitations on awards or collection of damages.

The Virginia Commission might attempt to take actions that could reduce the value of your investment in the SAC bonds.

The Securitization Law provides that for a financing order issued to create SAC property, upon the earlier of (a) the transfer of the SAC property to us; and (b) the issuance of the SAC bonds, the financing order becomes irrevocable and that the Virginia Commission may not amend, modify, or terminate the financing order by any subsequent action or reduce, impair, postpone, terminate or otherwise adjust the SAC charges approved in the financing order, except for the true-up adjustments to the SAC charges. However, the Virginia Commission retains the power to adopt, revise or rescind rules or regulations affecting APCo or a successor utility. The Virginia Commission also retains the power to interpret the financing order granted to APCo, and in that capacity might be called upon to rule on the meanings of provisions of the financing order that might need further elaboration. Any new or amended regulations or orders from the Virginia Commission might adversely affect the ability of the servicer to disconnect customers for nonpayment, assess late fees, impose deposit requirements or collect the SAC charges in full and on a timely basis, which may negatively impact the rating of the SAC bonds or their price and, accordingly, the amortization of the SAC bonds and their weighted average lives.

The servicer is required to file with the Virginia Commission, on our behalf, certain periodic true-up adjustments of the SAC charges.

The Virginia Commission is obligated under the financing order to administratively approve the requested adjustment (including, if applicable, the correction of any mathematical or clerical error in such calculations) within 30 days of the date of the request for adjustment; absent such notice, the adjustment becomes effective. However, for purposes of any non-standard true-up, the servicer must specify an effective date at least 30 days after filing, and upon administrative approval or the passage of 30 days without notification from the Virginia Commission regarding the non-standard true-up, no further action of the Virginia Commission is required for implementation of the non-standard true-up. Please read "APCo's Financing Order—True-Ups" and "—Adjustments to Allocation of SAC Charges" in this prospectus. True-up adjustment procedures may be challenged in the future. Challenges to or delays in the true-up process might adversely affect the market perception and valuation of the SAC bonds. Also, any litigation might materially delay SAC charge collections due to delayed implementation of true-up adjustments and might result in missing payments or payment delays and lengthened weighted average life of the SAC bonds.

The servicer may not fulfill, or may be unsuccessful in any attempt to fulfill, its obligations to act on behalf of the SAC bondholders to protect bondholders from actions by the Virginia Commission or the Commonwealth of Virginia.

The servicer will agree in the servicing agreement to take any action or proceeding reasonably necessary to compel performance by the Virginia Commission and the Commonwealth of Virginia of any of their obligations or duties under the securitization provisions of the Securitization Law or the financing order, including any actions reasonably necessary to block or overturn any attempts to cause a repeal, or modification of, or supplement to the securitization provisions of the Securitization Law or the financing order or the rights of bondholders in the SAC property by executive action, legislative enactment, constitutional amendment or other means that would be adverse to the bondholders. The servicer, however, may not be able to take those actions for a number of reasons, including due to legal or regulatory restrictions, financial constraints and practical

difficulties in successfully challenging any such legislative enactment or constitutional amendment. Additionally, any action the servicer is able to take may not be successful. Any such failure to perform its obligations or to successfully compel performance by the Virginia Commission or the Commonwealth of Virginia could negatively affect SAC bondholders' rights and result in a loss of their investment in the SAC bonds.

A municipal entity may seek to acquire portions of APCo's electric distribution facilities and avoid payment of the SAC charges.

Virginia law authorizes municipalities to seek to acquire portions of an electric utility's electric distribution facilities through voluntary transactions or the power of condemnation for use as part of municipally-owned utility systems. There can be no assurance that one or more municipalities will not seek to acquire some or all of APCo's electric distribution facilities while the SAC bonds remain outstanding. The Securitization Law specifies that SAC charges approved by a financing order shall be collected by an electric utility as well as its "successors or assignees." In the servicing agreement, APCo has covenanted to assert in an appropriate forum that any municipality that acquires any portion of APCo's electric distribution facilities by condemnation, including upon the expiration of any franchise agreement, must be treated as a successor to APCo under the Securitization Law and the financing order and that customers in such municipalities remain responsible for payment of SAC charges. However, the involved municipality might assert that it should not be treated as a successor to APCo for these purposes and that its distribution customers are not responsible for payment of SAC charges. In any case, we cannot assure you that the SAC charges will be collected from customers of municipally owned utilities who were formerly customers of APCo and that such an occurrence might not affect the timing or receipt of payments with respect to the SAC bonds.

SERVICING RISKS

Your investment in the SAC bonds depends on APCo or its successor or assignee, acting as servicer of the SAC property.

APCo, as initial servicer, will be responsible for, among other things, calculating, billing and collecting the SAC charges from its customers, submitting requests to the Virginia Commission to adjust these charges, monitoring the collateral for the SAC bonds and taking certain actions in the event of non-payment by a customer. The trustee's receipt of collections in respect of the SAC charges, which will be used to make payments on the SAC bonds, will depend in part on the skill and diligence of the servicer in performing these functions. The systems that the servicer has in place for SAC charge billings and collections, together with the regulations of the Virginia Commission governing electric utilities such as APCo might, in particular circumstances, cause the servicer to experience difficulty in performing these functions in a timely and completely accurate manner. If the servicer fails to make SAC charge collections for any reason, then the servicer's payments to the trustee in respect of the SAC charges might be delayed or reduced. In that event, our payments on the SAC bonds might be delayed or reduced.

Inaccurate forecasting of, or changes in, electricity consumption or unanticipated delinquencies or write-offs might reduce scheduled payments on the SAC bonds.

The SAC charges are assessed based on forecasted customer usage (i.e., kilowatt-hours ("**kWh**") of electricity consumed by customers). The amount and the rate of SAC charge collections will depend in part on actual electricity usage and the amount of collections and write-offs. If the servicer inaccurately forecasts electricity consumption or uses inaccurate customer delinquency or write-off data when setting or adjusting the SAC charges, or if the effectiveness of the adjustments is delayed for any reason, there could be a shortfall or material delay in SAC charge collections, which might result in missed or delayed payments of principal and/or interest and lengthened weighted average life of the SAC bonds. Please read "APCo's Financing Order—True-Ups" and "—Adjustments to Allocation of SAC Charges" in this prospectus.

APCo's base revenue forecast is developed by applying the load forecast for each customer class, through the next budget year (typically only the first two years of the forecast horizon), to estimated price-load relationships. These price-load relationships are regression models that estimate class-level average base rate revenue realizations as a function of either monthly kWh consumption per customer (for the residential and commercial classes) or monthly kWh sales (for all other classes). The functions are estimated based on monthly data taken from APCo's billing system. While APCo monitors the accuracy of its forecast by conducting variance analysis on a monthly basis while taking into account weather impacts on kWh sales and other deviations from such forecast within the customer count, inaccurate forecasting of base rate revenue by the servicer might result from, among other things, unanticipated weather or economic conditions, resulting in less base rate revenue than forecast using systematic patterns; general economic conditions causing customers to leave APCo or reduce the base rate revenue from such customers; the occurrence of a natural disaster, such as a hurricane or winter storm, or an act of terrorism, cyberattack or other catastrophic event, including pandemics, unexpectedly disrupting electrical service and reducing base rate revenues and demand; changes in the market structure of the electric industry; customers consuming less electricity than anticipated because of increased energy prices, increased conservation efforts, economic conditions or unanticipated increases in electric usage efficiency; or customers unexpectedly switching to alternative sources of energy, including self-generation of electric power. Please read "The Depositor, Seller, Initial Service and Sponsor—Forecasting Consumption" in this prospectus for additional information about APCo's base revenue forecast.

The servicer's use of inaccurate delinquency or write-off rates might result also from, among other things, unexpected deterioration of the economy or the occurrence of a natural disaster or extreme weather, an act of terrorism, cyberattack or other catastrophic event or the unanticipated declaration of a moratorium on terminating electric service to customers in the event of any such occurrences, any of which would cause greater delinquencies or write-offs than expected or force APCo to grant additional payment relief to more customers, or any other change in law that makes it more difficult for APCo to terminate service to nonpaying customers or that requires APCo to apply more lenient credit standards in accepting customers.

If we have to replace APCo as the servicer, we may experience difficulties finding and using a replacement servicer.

If APCo ceases to service the SAC property, it might be difficult to find a successor servicer. Under the financing order, the annual servicing fee payable to a successor servicer is capped and the payment of compensation in excess of the cap is dependent upon Virginia Commission approval. Also, any successor servicer might have less experience and ability than APCo and might experience difficulties in collecting SAC charges and determining appropriate adjustments to the SAC charges and billing and/or payment arrangements may change, resulting in delays or disruptions in collections. A successor servicer might charge fees that, while permitted under the financing order, are substantially higher than the fees paid to APCo as the initial servicer. Although a true-up adjustment may be required to allow for the increase in fees, there could be a gap between the incurrence of those fees and the implementation of the true-up adjustment to adjust for the increase that might adversely affect distributions from the collection account. In the event of the commencement of a case by or against the servicer under the Bankruptcy Code or similar laws, we and the trustee might be prevented from effecting a transfer of servicing due to operation of the Bankruptcy Code. Any of these factors and others might delay the timing of payments and may reduce the value of your investment. Please read "The Servicing Agreement" in this prospectus.

APCo has entered into the APCo Receivables Purchase Agreement and the corresponding APCo Receivables Agency Agreement, and may enter in the future, financing arrangements involving the sale of its accounts receivable. With respect to the APCo Receivables Purchase Agreement, such agreement will, upon the issuance of the SAC bonds, be subject to the intercreditor agreement and joinder described under "Appalachian Power Recovery Funding LLC The Issuing Entity—Intercreditor Agreement and Joinder." APCo will agree with us in the sale agreement that if it becomes a party to another future trade receivables purchase and sale arrangement or similar arrangement under which it sells all or any portion of its accounts receivables, or if APCo

hereafter causes SAC property or other similar property to be created under a separate financing order and acts as servicer for such SAC property, or similar property, consisting of nonbypassable charges payable by APCo's customers comparable to those sold by the seller pursuant to the sale agreement, in connection with a separate issuance of bonds, APCo and the other parties to such arrangement shall enter into a joinder or amendment to the intercreditor agreement or into a separate intercreditor agreement in connection therewith and the terms the documentation evidencing such trade receivables purchase and sale arrangement or similar arrangement will expressly exclude the SAC charges from any receivables or other assets pledged or sold under such arrangement and the rating agency condition shall be satisfied. Although the SAC charges are not subject to such receivables financings, the SAC charges and accounts receivable are owed by the same customers, including those comprising the customer classes described herein and are expected to be collected for the foreseeable future under a single bill with respect to such customers. As required by the sale agreement, each intercreditor agreement will provide that, in the event the trustee has the right to replace APCo as servicer or the investors have the right to replace APCo as collection agent for the accounts receivable financing, the trustee (acting at the written direction of the holders of a majority in principal amount of the SAC bonds) and the investors' agent will act jointly in the exercise of such rights and neither party will be entitled to replace APCo under its agreement without the consent of the other party (which consent, in the case of the trustee, shall be at the written direction of the holders of a majority in principal amount of the SAC bonds). The intercreditor agreement and joinder, or any similar agreement executed after the issuance of the SAC bonds in accordance with the requirements of the sale agreement, may therefore make it more difficult for the trustee to replace APCo following a servicer default. Conversely, if a default were to occur under the APCo Receivables Agency Agreement or similar agreement executed by APCo in the future, such a default may increase the possibility of APCo being replaced as servicer under the servicing agreement, even if APCo is not in default under the servicing agreement.

Changes to billing and collection practices might result in delays in collections which may reduce the value of your investment in the SAC bonds.

The financing order specifies the methodology for determining the amount of the SAC charges we may impose. The servicer may not change this methodology without approval from the Virginia Commission. However, the servicer may set its own billing and collection arrangements with retail customers from whom it collects the charges directly, provided that these arrangements comply with the Virginia Commission's customer safeguards and the provisions of the servicing agreement. For example, to recover part of an outstanding bill, the servicer may agree to extend a retail customer's payment schedule or to write off the remaining portion of the bill, including the SAC charges. Also, the servicer may change billing and collection practices, which might adversely impact the timing and amount of retail customer payments and might reduce SAC charge collections, thereby limiting our ability to make scheduled payments on the SAC bonds until any resulting undercollections can be trued-up and recovered from other retail customers. Separately, the Virginia Commission might require changes to these practices. Any changes in billing and collection practices regulations might make it more difficult for the servicer to collect the SAC charges and adversely affect the value of your investment in the SAC bonds.

Limits on rights to terminate service might make it more difficult to collect the SAC charges.

If APCo, as the servicer, is billing customers for SAC charges, it may terminate service to the customer for non-payment of SAC charges pursuant to the applicable rules of the Virginia Commission. Nonetheless, the rules and regulations of the Virginia Commission, which may change from time to time, regulate and control the right to disconnect service. For example, electric utilities generally may not terminate service to a customer (a) on a holiday or weekend day; (b) during certain extreme weather conditions; or (c) during a federal government shutdown who timely provides proof that such customer is a federal government employee whose pay is suspended. To the extent these customers do not pay for their electric service, APCo will not be able to collect SAC charges from these customers.

In addition, APCo may be limited in the future in its ability to terminate service or collect SAC charges. The Virginia Commission, in response to a federal mandate or otherwise, could impose restrictions on the rates APCo

charges to provide its services, including the inability to implement approved rates, or delay actions with respect to APCo's base rate case and filings. For example, under its emergency powers, the Virginia legislature or the Virginia Commission could impose a temporary rate reduction and/or a temporary moratorium on electric service disconnections for the non-payment of customer bills.

If the servicer enters bankruptcy proceedings, the remittance of SAC charges by the servicer prior to the date of bankruptcy might constitute preferences, which means these funds might be unavailable to pay amounts owing on the SAC bonds.

In the event of a bankruptcy of the servicer, a party in interest might take the position that the remittance of funds prior to bankruptcy of the servicer, pursuant to the servicing agreement or intercreditor agreement and joinder, constitutes a preference under bankruptcy law if the remittance of those funds was deemed to be paid on account of a preexisting debt. If a court were to hold that the remittance of funds constitutes a preference, any such remittance within 90 days of the filing of the bankruptcy petition could be avoidable, and the funds could be required to be returned to the bankruptcy estate of the servicer. To the extent that SAC charges have been commingled with the general funds of the servicer, the risk that a court would hold that a remittance of funds was a preference would increase. Also, if we are considered to be an "insider" of the servicer, any such remittance made within one year of the filing of the bankruptcy petition could be avoidable as well if the court were to hold that such remittance constitutes a preference. In either case, we or the trustee would merely be an unsecured creditor of the servicer. If any funds were required to be returned to the bankruptcy estate of the servicer, we would expect that the amount of any future SAC charges would be increased through the true-up mechanism to recover such amount, though this would not eliminate the risk of payment delays or losses on your investment in the SAC bonds.

STORM-RELATED RISKS

Storm damage to APCo's service territories could impair payment of the SAC bonds.

Transmission, distribution and usage of electricity could be interrupted temporarily, reducing the collections of SAC charges. There could be longer-lasting weather-related adverse effects on residential and commercial development and economic activity in APCo's service territories, which could cause the per-kWh SAC charge to be greater than expected. Legislative action adverse to the SAC bondholders might be taken in response, and such legislation, if challenged as violative of the Commonwealth of Virginia's or the Virginia Commission's pledge, might be defended on the basis of public necessity. Please read "The Securitization Law—APCo and Other Utilities May Securitize Securitized Asset Costs and Related Financing and Ongoing Costs—Virginia and Virginia Commission Pledges" and "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions—Future state action could reduce the value of your investment in the SAC bonds" in this prospectus.

RISKS ASSOCIATED WITH THE UNUSUAL NATURE OF THE SAC PROPERTY

Future adjustments to SAC charges by customer class might result in insufficient collection.

The customers who pay the SAC charges are divided into customer classes. SAC charges will be allocated among customer classes and assessed in accordance with the formula specified in the financing order.

A shortfall in the collections of SAC charges in one customer class may be corrected by making adjustments to the SAC charges payable by that customer class and any other customer class. Accordingly, if enough customers in a customer class fail to pay SAC charges or cease to be customers, the servicer might have to substantially increase the SAC charges for the remaining customers in that customer class and for other customer classes. These increases could lead to further unanticipated failures by the remaining customers to pay SAC charges, thereby increasing the risk of a shortfall in funds to pay interest and principal on the SAC bonds.

Foreclosure of the trustee's lien on the SAC property might not be practical, and acceleration of the SAC bonds before maturity might have little practical effect.

Under the Securitization Law and the indenture, the trustee or the SAC bondholders have the right to foreclose or otherwise enforce the lien on the SAC property securing the SAC bonds. However, in the event of foreclosure, there is likely to be a limited market, if any, for the SAC property. Therefore, foreclosure might not be a realistic or practical remedy. Moreover, although principal of the SAC bonds will be due and payable upon acceleration of the SAC bonds before maturity, SAC charges likely would not be accelerated and the nature of our business will result in the principal of the SAC bonds being paid as funds become available.

RISKS ASSOCIATED WITH POTENTIAL BANKRUPTCY PROCEEDINGS OF THE SELLER OR THE SERVICER

For a detailed discussion of the following bankruptcy risks, please read "How a Bankruptcy May Affect Your Investment" in this prospectus.

The servicer will commingle the SAC charges with other revenues it collects, which might obstruct access to the SAC charges in case of the servicer's bankruptcy and reduce the value of your investment in the SAC bonds.

The servicer will be required to remit collections to the trustee on our behalf each business day based on estimated daily collections, using a weighted average balance of days outstanding on APCo's retail bills. The servicer will not segregate the SAC charges from the other funds it collects from customers or its general funds. The SAC charges will be segregated only when the servicer pays them to the trustee.

Despite this requirement, the servicer might fail to remit the full amount of the SAC charges to the trustee or might fail to do so on a timely basis. This failure, whether voluntary or involuntary, might materially reduce the amount of SAC charge collections available to make payments on the SAC bonds.

The Securitization Law provides that the priority of a security interest perfected in SAC property is not impaired by the commingling of the funds arising from SAC charges with any other funds of the servicer. In a bankruptcy of the servicer, however, a bankruptcy court might rule that federal bankruptcy law does not recognize our right to collections of the SAC charges that are commingled with other funds of the servicer as of the date of bankruptcy. If so, the collections of the SAC charges held by the servicer as of the date of bankruptcy would not be available to pay amounts owed on the SAC bonds. In this case, we would have only a general unsecured claim against the servicer for those amounts. This decision could cause material delays in payments of principal or interest, or losses, on the SAC bonds and could materially reduce the value of your investment in the SAC bonds. Please read "How a Bankruptcy May Affect Your Investment" in this prospectus.

The bankruptcy of APCo might result in losses or delays in payments on SAC bonds.

The Securitization Law and the financing order provide that as a matter of Virginia law:

- the rights and interests of a selling utility under a financing order, including the right to impose, bill, charge, collect and receive SAC charges, are contract rights of the seller prior to its pledge, sale or transfer;
- the seller may transfer all of its rights under a financing order, including the right to impose, bill, charge, collect and receive future SAC charges that customers do not yet owe;
- the SAC property constitutes an existing, present intangible property right or interest therein, even though the imposition and collection of SAC charges depend on further acts that have not yet occurred; and

- a transfer of the SAC property from the seller, or its affiliate, to us, under an agreement that expressly states the transfer is a sale or other absolute transfer, is a true sale of and not a pledge of the SAC property.

Please read "The Securitization Law" in this prospectus. These provisions are important to maintaining payments on the SAC bonds in accordance with their terms during any bankruptcy of APCo. In addition, the transaction has been structured with the objective of keeping us legally separate from APCo and its affiliates in the event of a bankruptcy of APCo or any such affiliates.

A bankruptcy court generally follows state property law on issues such as those addressed by the state law provisions described above. However, a bankruptcy court does not follow state law if it determines that the state law is contrary to a paramount federal bankruptcy policy or interest. If a bankruptcy court in a APCo bankruptcy refused to enforce one or more of the state property law provisions described above, the effect of this decision on you as a beneficial owner of the SAC bonds might be similar to the treatment you would receive in a APCo bankruptcy if the SAC bonds had been issued directly by APCo. A decision by the bankruptcy court that, despite our separateness from APCo, our assets and liabilities and those of APCo should be consolidated would have a similar effect on you as a bondholder.

We have taken steps together with APCo, as the seller, to reduce the risk that in the event the seller or an affiliate of the seller were to become the debtor in a bankruptcy case, a court would order that our assets and liabilities be substantively consolidated with those of APCo or an affiliate. Nonetheless, these steps might not be completely effective, and thus if APCo or an affiliate were to become a debtor in a bankruptcy case, a court might order that our assets and liabilities be consolidated with those of APCo or such affiliate. This might cause material delays in payment of, or losses on, the SAC bonds and might materially reduce the value of your investment in the SAC bonds. For example:

- without permission from the bankruptcy court, the trustee might be prevented from taking actions against APCo or recovering or using funds on your behalf or replacing APCo as the servicer;
- the bankruptcy court might order the trustee to exchange the SAC property for other property, of lower value;
- tax or other government liens on APCo's property might have priority over the trustee's lien and might be paid from collected SAC charges before payments on the SAC bonds;
- the trustee's lien might not be properly perfected in the collected SAC property collections prior to or as of the date of APCo's bankruptcy, with the result that the SAC bonds would represent only general unsecured claims against APCo;
- the bankruptcy court might rule that neither our property interest nor the trustee's lien extends to SAC charges in respect of electricity consumed after the commencement of APCo's bankruptcy case, with the result that the SAC bonds would represent only general unsecured claims against APCo;
- we and APCo might be relieved of any obligation to make any payments on the SAC bonds during the pendency of the bankruptcy case and might be relieved of any obligation to pay interest accruing after the commencement of the bankruptcy case;
- APCo might be able to alter the terms of the SAC bonds as part of its plan of reorganization;
- the bankruptcy court might rule that the SAC charges should be used to pay, or that we should be charged for, a portion of the cost of providing electric service;
- the bankruptcy court might rule that the remedy provisions of the sale agreement are unenforceable, leaving us with an unsecured claim for actual damages against APCo that may be difficult to prove or, if proven, to collect in full;
- if the servicer defaults or enters bankruptcy proceedings, it might be difficult to find a successor servicer and payments on the SAC bonds might be suspended;

- the mere fact of a servicer or seller bankruptcy proceeding might have an adverse effect on the resale market for the SAC bonds and on the value of the SAC bonds; or
- the servicer will commingle the SAC charges with other revenues it collects, which might obstruct access to the SAC charges in case of the bankruptcy of the servicer and reduce the value of your investment in the SAC bonds.

Please read "How a Bankruptcy May Affect Your Investment" in this prospectus.

The sale of the SAC property might be construed as a financing and not a sale in a case of APCo's bankruptcy which might delay or limit payments on the SAC bonds.

The Securitization Law provides that the characterization of a transfer of SAC property as a sale or other absolute transfer will not be affected or impaired by treatment of the transfer as a financing for federal or state tax purposes or financial reporting purposes. We and APCo will treat the transaction as a sale under applicable law, although for financial reporting and federal and state tax purposes the transaction is intended to be treated as a financing. In the event of a bankruptcy of APCo, a party in interest in the bankruptcy might assert that the sale of the SAC property to us was a financing transaction and not a "sale or other absolute transfer" and that the treatment of the transaction for financial reporting and tax purposes as a financing and not a sale lends weight to that position. If a court were to characterize the transaction as a financing, we expect that we would, on behalf of ourselves and the trustee, be treated as a secured creditor of APCo in the bankruptcy proceedings, although a court might determine that we only have an unsecured claim against APCo. See "— The servicer will commingle the SAC charges with other revenues it collects, which might obstruct access to the SAC charges in case of the servicer's bankruptcy and reduce the value of your investment in the SAC bonds" above.

Even if we had a security interest in the SAC property, we would not likely have access to the related SAC charge collections during the bankruptcy and would be subject to the risks of a secured creditor in a bankruptcy case, including the possible bankruptcy risks described in the immediately preceding risk factor. As a result, repayment of the SAC bonds might be significantly delayed and a plan of reorganization in the bankruptcy might permanently modify the amount and timing of payments to us of the SAC charge collections and therefore the amount and timing of funds available to us to pay SAC bondholders.

If the servicer enters bankruptcy proceedings, the remittance of certain SAC charges by the servicer prior to the date of bankruptcy might constitute preferences, which means these funds might be unavailable to pay amounts owed on the SAC bonds.

In the event of a bankruptcy of the servicer, a party in interest might take the position that the remittance of funds prior to bankruptcy of the servicer, pursuant to the servicing agreement, constitutes a preference under bankruptcy law if the remittance of those funds was deemed to be paid on account of a preexisting debt. If a court were to hold that the remittance of funds constitutes a preference, any such remittance within 90 days of the filing of the bankruptcy petition could be voidable, and the funds could be required to be returned to the bankruptcy estate of the servicer. To the extent that SAC charges have been commingled with the general funds of the servicer, the risk that a court would hold that a remittance of funds was a preference would increase. Also, if we are considered to be an "**insider**" of the servicer, any such remittance made within one year of the filing of the bankruptcy petition could be voidable as well if the court were to hold that such remittance constitutes a preference. In either case, we or the trustee would merely be an unsecured creditor of the servicer. If any funds were required to be returned to the bankruptcy estate of the servicer, we would expect that the amount of any future SAC charges would be increased through the true-up mechanism to recover such amount, though this would not eliminate the risk of payment delays or losses on your investment in the SAC bonds.

Claims against APCo might be limited in the event of a bankruptcy of the seller.

If the seller were to become a debtor in a bankruptcy case, claims, including indemnity claims, by us against the seller under the sale agreement and the other documents executed in connection with the sale agreement

would be unsecured claims and would be disposed of in the bankruptcy case. In addition, the bankruptcy court might estimate any contingent claims that we have against the seller and, if it determines that the contingency giving rise to these claims is unlikely to occur, estimate the claims at a lower amount. A party in interest in the bankruptcy of APCo, as the seller, might challenge the enforceability of the indemnity provisions in the sale agreement. If a court were to hold that the indemnity provisions were unenforceable, we would be left with a claim for actual damages against the seller based on breach of contract principles, which would be subject to estimation and/or calculation by the court. We cannot give any assurance as to the result if any of the above-described actions or claims were made. Furthermore, we cannot give any assurance as to what percentage of their claims, if any, unsecured creditors would receive in any bankruptcy proceeding involving APCo.

The bankruptcy of APCo might limit the remedies available to the trustee.

Upon an event of default for the SAC bonds under the indenture, the Securitization Law permits the trustee to enforce the security interest in the SAC property in accordance with the terms of the indenture. In this capacity, the trustee is permitted to request the Virginia Commission to order the sequestration and payment to all SAC bondholders of all revenues arising from the SAC charges. There can be no assurance, however, that a Virginia court would issue this order after an APCo bankruptcy in light of the automatic stay provisions of Section 362 of the United States Bankruptcy Code. In that event, the trustee would be required to seek an order from the bankruptcy court lifting the automatic stay to permit this action by the Virginia court, and an order requiring an accounting and segregation of the revenues arising from the SAC property. There can be no assurance that a court would grant either order.

OTHER RISKS ASSOCIATED WITH AN INVESTMENT IN THE SAC BONDS

APCo's indemnification obligations under the sale agreement and the servicing agreement are limited and might not be sufficient to protect your investment in the SAC bonds.

APCo is obligated under the sale agreement to indemnify us and the trustee, for itself and on behalf of the SAC bondholders, only in specified circumstances and will not be obligated to repurchase any SAC property in the event of a breach of any of its representations, warranties or covenants regarding the SAC property. Similarly, APCo is obligated under the servicing agreement to indemnify us, the independent managers and the trustee, for itself and on behalf of the SAC bondholders only in specified circumstances. Please read "The Sale Agreement" and "The Servicing Agreement" in this prospectus.

Neither the trustee nor the SAC bondholders will have the right to accelerate payments on the SAC bonds as a result of a breach under the sale agreement or servicing agreement, absent an event of default under the indenture governing the SAC bonds as described in "Description of the SAC Bonds—What Constitutes an Event of Default on the SAC bonds." Furthermore, APCo might not have sufficient funds available to satisfy its indemnification obligations under these agreements, and the amount of any indemnification paid by APCo might not be sufficient for you to recover all of your investment in the SAC bonds. In addition, if APCo becomes obligated to indemnify SAC bondholders, the ratings on the SAC bonds will likely be downgraded as a result of the circumstances causing the breach and the fact that SAC bondholders will be unsecured creditors of APCo with respect to any of these indemnification amounts. APCo will not indemnify any person for any loss, damages, liability, obligation, claim, action, suit or payment resulting solely from a downgrade in the ratings on the SAC bonds, or for any consequential damages, including any loss of market value of the SAC bonds resulting from a default or a downgrade of the ratings of the SAC bonds. Please read "The Sale Agreement—APCo's Representations and Warranties" and "—APCo's Obligation to Indemnify Us and the Trustee and to Take Legal Action" in this prospectus.

The credit ratings are no indication of the expected rate of payment of principal on the SAC bonds.

We expect that the SAC bonds will receive credit ratings from at least two nationally recognized statistical rating organizations ("**NRSRO**"). A rating is not a recommendation to buy, sell or hold the SAC bonds. The

ratings merely analyze the probability that we will repay the total principal amount of the SAC bonds at the final maturity date (which is later than the scheduled final payment date) and will make timely interest payments. The ratings are not an indication that the rating agencies believe that principal payments are likely to be paid on time according to the expected sinking fund schedule.

Under Rule 17g-5 of the Exchange Act, NRSROs providing APCo, as the sponsor, with the requisite certification will have access to all information posted on a website by APCo for the purpose of determining the initial rating and monitoring the rating after the closing date in respect of the SAC bonds. As a result, an NRSRO other than the NRSRO hired by APCo (the "**hired NRSRO**") may issue ratings on the SAC bonds ("**Unsolicited Ratings**"), which may be lower, and could be significantly lower, than the ratings assigned by the hired NRSROs. The Unsolicited Ratings may be issued prior to, or after, the issuance date of the SAC bonds. Issuance of any Unsolicited Rating will not affect the issuance of the SAC bonds. Issuance of an Unsolicited Rating lower than the ratings assigned by the hired NRSRO on the SAC bonds might adversely affect the value of the SAC bonds and, for regulated entities, could affect the status of the SAC bonds as a legal investment or the capital treatment of the SAC bonds. Investors in the SAC bonds should consult with their legal counsel regarding the effect of the issuance of a rating by a non-hired NRSRO that is lower than the rating of a hired NRSRO. None of APCo, us, the underwriters or any of their affiliates will have any obligation to inform you of any Unsolicited Ratings assigned after the date of this prospectus. In addition, if we or APCo fail to make available to a non-hired NRSRO any information provided to any hired rating agency for the purpose of assigning or monitoring the ratings on the SAC bonds, a hired NRSRO could withdraw its ratings on the SAC bonds, which could adversely affect the market value of the SAC bonds and/or limit your ability to resell the SAC bonds.

The SAC bonds' credit ratings might affect the market value of the SAC bonds.

A downgrading of the credit ratings on the SAC bonds might have an adverse effect on the market value of the SAC bonds. Credit ratings may change at any time. A NRSRO has the authority to revise or withdraw its rating based solely upon its own judgment.

We are issuing several tranches of the SAC bonds.

The financing order authorizes us to issue one or more tranches of SAC bonds not to exceed the Securitizable Balance (as defined pursuant to the financing order). SAC charges collected by APCo will be allocated among the tranches of SAC bonds as set forth in the expected sinking fund schedule and the priority of payments set forth under "Description of the SAC Bonds—How Funds in the Collection Account Will Be Allocated" in this prospectus. However, we cannot assure you that the existence of multiple tranches of SAC bonds would not cause reductions or delays in payment on your SAC bonds. In addition, some matters relating to the SAC bonds may require the vote of the SAC bondholders of all tranches of the SAC bonds. Your interests in these votes might conflict with the interests of the beneficial owners of SAC bondholders of another tranche and therefore these votes could result in an outcome that is materially unfavorable to you.

Alternatives to purchasing electricity through APCo's distribution facilities may be more widely utilized by customers in the future.

Broader use of distributed generation by APCo's customers may result from customers' changing perceptions of the merits of utilizing existing generation technology or from technological developments resulting in smaller-scale, more fuel efficient, more environmentally friendly and/or more cost effective distributed generation. SAC charges, which generally are consumption based, are applied to all existing and future Virginia Commission-jurisdictional area retail customers of APCo (or its successor or assignee) that receive electric service within APCo's geographic service territory in the Commonwealth of Virginia (including the partially exempt customers) that have not opted out (to the extent eligible to opt out under the Securitization Law). SAC charges will not be imposed on customers who do not receive transmission or distribution services from APCo. Any customer who self-generates or co-generates electricity will be assessed SAC charges based

upon the total firm and standby load served by APCo. Technological developments and/or more widespread use of distributed generation might allow greater numbers of customers to reduce or eliminate their payment of SAC charges.

The absence of a secondary market for the SAC bonds might limit your ability to resell the SAC bonds.

The underwriters for the SAC bonds might assist in resales of the SAC bonds, but they are not required to do so. A secondary market for the SAC bonds might not develop. If a secondary market does develop, it might not continue or it might not be sufficiently liquid to allow you to resell any of the SAC bonds. We do not anticipate that the SAC bonds will be listed on any securities exchange. Please read "Plan of Distribution" in this prospectus.

You might receive principal payments for the SAC bonds later than you expect.

The amount and the rate of collection of the SAC charges for the SAC bonds, together with the related SAC charge adjustments, will generally determine whether there is a delay in the scheduled repayments of the SAC bonds principal. If the servicer collects the SAC charges at a slower rate than expected, it might have to request adjustments of the SAC charges. If those adjustments are not timely and accurate, you might experience a delay in payments of principal and interest and a decrease in the value of your investment in the SAC bonds. Please read "Description of the SAC Bonds" in this prospectus.

APCo may cause the issuance, by another subsidiary or affiliated entity, of additional SAC bonds, or similar bonds, secured by additional SAC property, or similar property, that includes a nonbypassable charge on customers.

Any new issuance of SAC bonds, or similar bonds, by another subsidiary or affiliated entity of APCo may include terms and provisions that would be unique to that particular issuance, and will be registered on separate registration statements or otherwise exempt from registration. APCo has covenanted in the sale agreement that the satisfaction of the rating agency condition and the execution and delivery of an amendment or possible joinder to the intercreditor agreement are conditions precedent to the sale of additional SAC property or similar property consisting of nonbypassable charges payable by customers comparable to the SAC property to another subsidiary or affiliated entity. Please read "Sale Agreement—Covenants of the Seller" in this prospectus.

In the event a customer does not pay in full all amounts owed under any bill, including SAC charges, APCo, as servicer, is required to allocate any resulting shortfalls in the collection of SAC charges ratably based on the amounts of SAC charges owed in respect of the SAC bonds, and amounts owed in respect of additional SAC bonds, or similar bonds. However, if a dispute arises with respect to the allocation of such SAC charges or other delays occur on account of the administrative burdens of making such allocation, we cannot assure you that any new issuance of SAC bonds, or similar bonds, by another subsidiary or affiliated entity of APCo would not cause reductions or delays in payment of principal and interest on your SAC bonds.

APCo's operations are subject to risks beyond its control, including cyber-security intrusions, terrorist attacks or other catastrophic events, which could limit APCo's operations and ability to service the SAC property.

APCo operates in an industry that requires the use of sophisticated information technology systems and network infrastructure, which control an interconnected system of generation, distribution, and transmission systems shared with third parties. APCo's continued efforts to integrate, consolidate, and streamline its operations have also resulted in increased reliance on current and recently completed projects for technology systems, including but not limited to, a customer information and billing system, automated meter reading systems, and other similar technological tools and initiatives.

APCo has been subject to attempted cyberattacks from time to time, but these attacks have not had a material impact on its system or business operations. A successful physical or cyber-security intrusion may occur

despite APCo's security measures or those that it requires its vendors to take, which include compliance with reliability standards and critical infrastructure protection standards. Despite the implementation of security measures, all assets and systems are potentially vulnerable to disability, failures, or unauthorized access due to physical or cyber-security intrusions caused by human error, vendor bugs, terrorist attacks, or other malicious acts. If APCo's assets or systems were to fail, be physically damaged, or be breached, and were not recovered in a timely manner, APCo may be unable to perform critical business functions, including the distribution of electricity and the metering and billing of customers, all of which could materially affect APCo's ability to bill and collect SAC charges or otherwise service the SAC property.

If the investment of collected SAC charges and other funds held by the trustee in the collection account results in investment losses or the investments become illiquid, you may receive payment of principal and interest on the SAC bonds later than you expect.

Funds held by the trustee in the collection account will be invested in eligible investments at the written direction of the servicer. Eligible investments include money market funds having a rating from Moody's and S&P of "Aaa-mf" and "AAAm," respectively. Although investments in these money market funds have traditionally been viewed as highly liquid with a low probability of principal loss, illiquidity and principal losses have been experienced by investors in certain of these funds as a result of disruptions in the financial markets in recent years. If investment losses or illiquidity is experienced, you might experience a delay in payments of principal and interest on the SAC bonds and a decrease in the value of your investment in the SAC bonds.

Regulatory provisions affecting certain investors could adversely affect the liquidity and the regulatory treatment of investments in the SAC bonds.

Investors should be aware, and in some cases are required to be aware, of certain restrictions and obligations with regard to any securitisation (as such term is defined for purposes of the relevant legislation) imposed:

- in the European Union ("**EU**"), pursuant to Regulation (EU) 2017/2402 relating to a European framework for simple, transparent and standardised securitisation (including any implementing regulation, secondary legislation, technical standards and official guidance related thereto), in each case as amended, varied or substituted from time to time (as amended, the "**EU Securitization Regulation**");
- in the non-EU member states of the European Economic Area ("**EEA**"), pursuant to the EU Securitization Regulation, to the extent (if at all) implemented or applicable in such member states; and
- in the United Kingdom ("**UK**"), pursuant to the regime under the Financial Services and Markets Act 2000, as amended (the "**FSMA**") comprising (a) the Securitisation Regulations 2024 (SI 2024/102), as amended ("**SR 2024**") as well as (b) the Securitisation Part of the Prudential Regulation Authority ("**PRA**") Rulebook (the "**PRA Securitization Rules**") and the securitisation sourcebook ("**SECN**") of the FCA Handbook (collectively, the "**UK Securitization Framework**" and together with the EU Securitization Regulation the "**Securitization Regulations**").

The EU Due Diligence Requirements apply to institutional investors (as defined in the EU Securitization Regulation), being (subject to certain conditions and exceptions) (a) institutions for occupational retirement provision; (b) credit institutions (as defined in Regulation (EU) No 575/2013, as amended (the "**CRR**")); (c) alternative investment fund managers who manage and/or market alternative investment funds in the EU; (d) investment firms (as defined in the CRR); (e) insurance and reinsurance undertakings; and (f) management companies of UCITS funds (or internally managed UCITS); and the EU Due Diligence Requirements apply also to certain consolidated affiliates of such credit institutions and investment firms. Each such institutional investor and each relevant affiliate is referred to herein as an "**EU Institutional Investor**".

The UK Due Diligence Requirements apply to institutional investors (as defined in the UK Securitization Framework) being (subject to certain conditions and exceptions): (a) insurance undertakings and reinsurance

undertakings as defined in the FSMA; (b) trustees or managers of an occupational pension scheme as defined in the FSMA, and certain fund managers appointed under the Pensions Act 1995 in respect of such schemes; (c) alternative investment fund managers as defined in the Alternative Investment Fund Managers Regulations 2013 with permission under Part 4A of the FSMA (in respect of managing an AIF), who market or manage alternative investment funds in the UK (and additionally, small registered UK AIFMs as defined in the Alternative Investment Fund Managers Regulations 2013); (d) UCITS as defined in the FSMA, which are authorised open ended investment companies as defined in the FSMA, and management companies as defined in the FSMA; (e) FCA investment firms as defined in Regulation (EU) No 575/2013 as it forms part of UK domestic law and as amended (the "**UK CRR**"); and (f) CRR firms as defined in the UK CRR; and the UK Due Diligence Requirements apply also to certain consolidated affiliates of such CRR firms. Each such institutional investor and each relevant affiliate is referred to herein as a "**UK Institutional Investor**".

EU Institutional Investors and UK Institutional Investors are referred to together as "**Institutional Investors**"; and a reference to the applicable EU Due Diligence Requirements and the UK Due Diligence Requirements (together and for the purposes of this section, the "**Due Diligence Requirements**") means, in relation to an Institutional Investor, as the case may be, the Due Diligence Requirements to which such Institutional Investor is subject. In addition, for the purpose of the following paragraph, a reference to a "**third country**" means (a) in respect of an EU Institutional Investor and the EU Securitization Regulation, a country other than an EU Member State, or (b) in respect of a UK Institutional Investor and the UK Securitization Framework, a country other than the UK.

The applicable Due Diligence Requirements restrict an Institutional Investor from investing in a securitisation unless:

- in each case, it has verified that the originator, sponsor or original lender will retain, on an ongoing basis, a material net economic interest of not less than five percent. in the securitisation in accordance with the applicable Retention Requirement and the risk retention is disclosed to the Institutional Investor;
- in the case of an EU Institutional Investor, it has verified that the originator, sponsor or SSPE has, where applicable, made available the information required by the EU Transparency Requirements in accordance with the frequency and modalities provided for thereunder;
- in the case of a UK Institutional Investor, it has verified that the originator, sponsor or SSPE has made available sufficient information to enable the investor independently to assess the risks of holding the securitisation position, and has committed to make further information available on an ongoing basis, as appropriate;
- in the case of an EU Institutional Investor, it has verified that, where the originator or original lender either (a) is not a credit institution or an investment firm or (b) is established in a third country, the originator or original lender grants all the credits giving rise to the underlying exposures on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those criteria and processes in order to ensure that credit-granting is based on a thorough assessment of the obligor's creditworthiness; and
- in the case of a UK Institutional Investor, it has verified that, where the originator or original lender is established in the UK and is not a UK CRR firm or an FCA investment firm, the originator or original lender grants all the credits giving rise to the underlying exposures (unless they are trade receivables not originated in the form of a loan) on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those criteria and processes in accordance with UK SECN 8.2 or Article 9(1) of Chapter 2 of the Securitisation Part of the PRA Rulebook, as amended.

The applicable Due Diligence Requirements further require that an Institutional Investor carry out a due diligence assessment which enables it to assess the risks involved prior to investing, including but not limited to the risk characteristics of the individual investment position and the underlying assets and all the structural features of the securitisation that can materially impact the performance of the investment. In addition, pursuant to the applicable Due Diligence Requirements, while holding an exposure to a securitisation, an Institutional Investor is subject to various monitoring obligations in relation to such exposure, including but not limited to: (a) establishing appropriate written procedures to monitor compliance with the due diligence requirements and the performance of the investment and of the underlying assets; (b) performing stress tests on the cash flows and collateral values supporting the underlying assets; (c) ensuring internal reporting to its management body; and (d) being able to demonstrate to its competent authorities, upon request, that it has a comprehensive and thorough understanding of the investment and underlying assets and that it has implemented written policies and procedures for the risk management and as otherwise required by the applicable Due Diligence Requirements.

If a Competent Authority for an Institutional Investor determines that such Institutional Investor failed to comply with the applicable Due Diligence Requirements in respect of an investment in a securitisation, including as a result of non-compliance with (a) the applicable EU Retention Requirements and/or UK Retention Requirements or (b) the applicable EU Transparency Requirements and/or UK Transparency Requirements, such Institutional Investor is liable to penalties and, if it is subject to regulatory capital requirements, a punitive regulatory capital charge with respect to such securitisation position.

Neither we nor APCo nor any other party to the transactions described in this prospectus, intends, at any time, to retain a material net economic interest in such transactions, or to take any other action with regard to such transactions, in a manner prescribed or contemplated by the Securitization Regulations. In particular, no such party undertakes to take any action, or refrain from taking any action, for purposes of, or in connection with, compliance by any prospective investor (or any other Person) with any applicable requirement thereof.

Neither we nor APCo nor any other party to the transactions described in this prospectus, nor our or each of their respective affiliates, corporate officers or professional advisers or any other person makes any representation, warranty or guarantee that any such information and in any reports provided to investors in relation to this transaction is sufficient for the purposes of complying with the Due Diligence Requirements and no such person shall have any liability to any prospective investor or any other person with respect to the insufficiency of such information or any failure of the transactions contemplated hereby to satisfy or otherwise comply with the Securitization Regulations or any other legal, regulatory or other requirements, and no such person shall have any liability to any prospective investor with respect to any deficiency in such information or any failure of the transactions or structure contemplated hereby to comply with or otherwise satisfy such requirements.

Consequently, the SAC bonds may not be a suitable investment for an Institutional Investor. As a result, the price and liquidity of the SAC bonds in the secondary market may be adversely affected.

With respect to the Securitization Regulations, each prospective investor in the SAC bonds is required to independently assess and determine whether the information provided herein (including in respect of the structural features of the transaction) and in any reports provided to investors in relation to this transaction are sufficient to comply with the Securitization Regulations or any other regulatory requirement. Neither we, nor APCo nor any other party to the transactions, nor our or their respective affiliates or any other person makes any representation, warranty or guarantee that any such information or structure is sufficient for such purposes or any other purpose and no such person shall have any liability to any prospective investor or any other person with respect to the insufficiency of such information or structure or any failure of the transactions contemplated hereby to satisfy the requirements of the Securitization Regulations or any other regulatory requirement. Each prospective investor in the SAC bonds which is subject to the Due Diligence Requirements of the Securitization Regulations or any other regulatory requirement should consult with its own legal, accounting and other advisors and/or its national regulator to determine whether, and to what extent, such information or structure is sufficient for such purposes and any other requirements of which it is uncertain.

REVIEW OF SAC PROPERTY

Pursuant to the rules of the SEC, APCo, as sponsor, has performed, as described below, a review of the SAC property underlying the SAC bonds. As required by these rules, the review was designed and effected to provide reasonable assurance that disclosure regarding the SAC property is accurate in all material respects. APCo did not engage a third party in conducting its review.

The SAC bonds will be secured under the indenture by the SAC bond collateral. The principal asset of the SAC bond collateral is the SAC property. The SAC property is a existing, present intangible property right authorized and created pursuant to the Securitization Law and an irrevocable financing order. The SAC property includes (i) the irrevocable right to impose, bill, charge, collect and receive nonbypassable SAC charges in amounts sufficient to pay scheduled principal and interest and ongoing financing costs in connection with the SAC bonds and (ii) all revenues, collections, claims, rights to payments, money or proceeds arising from the rights and interests arising in the financing order. The SAC charges are payable by all existing and future Virginia Commission-jurisdictional area retail customers of APCo (or its successor or assignee) that receive electric service within APCo's geographic service territory in the Commonwealth of Virginia (including the partially exempt customers) that have not opted out (to the extent eligible to opt out under the Securitization Law), irrespective of the generation supplier of such retail customers.

Pursuant to the Securitization Law, certain retail customers of APCo whose demand exceeded five megawatts during the calendar year prior to the filing of APCo's petition for a financing order with the Virginia Commission were eligible to opt out of financing their pro rata obligation for SAC charges by providing written notice to APCo within 30 days of such filing. The time period for eligible customers to exercise this opt-out right has expired, and no customer provided APCo with the written notice required to do so. Accordingly, the maximum principal amount of SAC bonds authorized to be issued was not reduced by any customer opt-out payments. Under the Securitization Law and Section 56-577 A 6 of the Code of Virginia, partially exempt customers are exempt from the portion of the SAC charges representing the undepreciated Amos and Mountaineer plant balances. Because the partially exempt customers do not currently pay APCo's generation charges, they are not included in the customer base to which the plant-balance portion of the SAC charges is allocated, but they do remain subject to the portion of the SAC charges attributable to storm restoration costs and upfront financing costs. Please read "the SAC Charges" in this prospectus.

SAC charges will be added to each customer's bill as a separate line item. During the 12 months ended December 31, 2025, approximately 41.9% of APCo's total deliveries in the Virginia Commission-jurisdictional area were to residential customers, approximately 19.6% were to commercial customers and approximately 32.4% were to industrial customers. During the 12 months ended December 31, 2025, approximately 99.998% were to retail customers at distribution voltage and 0.002% were to customers at transmission voltage. During the 12 months ended December 31, 2025, municipal-specific rate codes comprised approximately 6.0% of APCo's total retail electric revenues in the Virginia Commission-jurisdictional area.

The SAC property is not a static pool of receivables or assets. SAC charges authorized in the financing order are irrevocable and not subject to reduction, impairment, or adjustment by further action of the Virginia Commission except that SAC charges are subject the true-up adjustment to correct for over-collections and under-collections and to provide the expected recovery of amounts sufficient to timely provide all scheduled payments of debt service and other required amounts and charges in connection with the SAC bonds. There is no "cap" on the level of SAC charges that may be imposed on retail customers to meet scheduled principal of and interest on the SAC bonds. All revenues and collections resulting from SAC charges provided for in the financing order are part of the SAC property. The SAC property is described in more detail under "Description of the SAC Property" in this prospectus.

In the financing order, the Virginia Commission, among other things:

- orders that APCo, as servicer, shall impose, bill charge and collect from all Virginia Commission-jurisdictional area retail customers required to pay or collect SAC charges under the financing order,

SAC charges in an amount sufficient to provide for the timely recovery of its periodic payment requirement (including, without limitation, payment of principal and interest on the SAC bonds and on-going financing costs);

- orders that upon any sale, assignment, or other transfer of the SAC property to us by APCo, we shall be the owner of the rights to the SAC property and that APCo as servicer is merely the collection agent for us; and
- pledges and agrees with the holders of the SAC bonds, the owners of the SAC property, and other financing parties that it and the Commonwealth of Virginia and its agencies shall not take any action to: (a) alter the provisions of the Securitization Law that authorizes it to create an irrevocable contract right or chose in action by the issuance of the financing order, to create securitized asset cost property in the form of the SAC property, and to make the securitized asset cost charges imposed by the financing order in the form of the SAC charges irrevocable, binding, or nonbypassable charges; (b) take or permit any action that impairs or would impair the value of the SAC property or the security for the SAC bonds or revises the securitized asset costs for which recovery is authorized; (c) in any way impair the rights and remedies of the bondholders, assignees, and other financing parties related thereto; or (d) except for changes made pursuant to the true-up adjustment mechanism authorized under by the financing order, reduce, alter, or impair SAC charges that are to be imposed, billed, charged, collected, and remitted for the benefit of the SAC bondholders, assignees, and financing parties until any and all principal, interest, premium, financing costs and other fees, expenses, or charges incurred, and any contracts to be performed, in connection with the related SAC bonds have been paid and performed in full.

Please read “The Securitization Law” and “APCo’s Financing Order” in this prospectus for more information.

The characteristics of SAC property are unlike the characteristics of assets underlying mortgage and other commercial asset securitizations because SAC property is a creature of statute and state regulatory commission proceedings. Because the nature and characteristics of the SAC property and many elements of the SAC bonds securitization are set forth and constrained by the securitization provisions of the Securitization Law, APCo, as sponsor, does not select the assets to be securitized in ways common to many securitizations. Moreover, the SAC bonds do not contain origination or underwriting elements similar to typical mortgage or other loan transactions involved in other forms of asset-backed securities. The securitization provisions of the Securitization Law and the Virginia Commission require the imposition on, and collection of SAC charges from, all existing and future retail customers located within the Virginia Commission-jurisdictional area, subject to the limited exception for certain partially exempt customers. Please read “The SAC Charges” in this prospectus. Since the SAC charges are assessed against all such customers and the true-up adjustment mechanism adjusts for the impact of customer defaults, the collectability of the SAC charges is not ultimately dependent upon the credit quality of particular APCo customers, as would be the case in the absence of the true-up adjustment mechanism.

The review by APCo of the SAC property underlying the SAC bonds has involved a number of discrete steps and elements as described in more detail below. First, APCo has analyzed and applied the securitization provisions of the Securitization Law’s requirements for securitization of securitized asset costs in seeking approval of the Virginia Commission for the issuance of the financing order and in its application for a financing order with respect to the characteristics of the SAC property to be created pursuant to the Securitization Law and the financing order. APCo worked with its counsel in preparing the application for a financing order and with the Virginia Commission on the terms of the financing order. Moreover, APCo worked with its counsel and counsel to the underwriters in preparing the legal agreements that provide for the terms of the SAC bonds and the security for the SAC bonds. APCo has analyzed economic issues and practical issues for the scheduled payment of the SAC bonds.

In light of the unique nature of the SAC property, APCo has taken (or prior to the offering of the SAC bonds, will take) the following actions in connection with its review of the SAC property and the preparation of the disclosure for inclusion in this prospectus describing the SAC property, the SAC bonds and the proposed securitization:

- reviewed the securitization provisions of the Securitization Law, the rules and regulations of the Virginia Commission as they relate to the SAC property in connection with the preparation and filing of the application with the Virginia Commission for the approval of the financing order in order to confirm that the application and proposed financing order satisfied applicable statutory and regulatory requirements;
- actively participated in the proceeding before the Virginia Commission relating to the approval of the requested financing order;
- compared the financing order, as issued by the Virginia Commission, to the securitization provisions of the Securitization Law and the rules and regulations of the Virginia Commission as they relate to the SAC property to confirm that the financing order met such requirements;
- compared the proposed terms of the SAC bonds to the applicable requirements in the securitization provisions of the Securitization Law, the financing order and the regulations of the Virginia Commission to confirm that they met such requirements;
- prepared and reviewed the agreements to be entered into in connection with the issuance of the SAC bonds and compared such agreements to the applicable requirements in the securitization provisions of the Securitization Law, the financing order and the regulations of the Virginia Commission to confirm that they met such requirements;
- reviewed the disclosure in this prospectus regarding the securitization provisions of the Securitization Law, the financing order and the agreements to be entered into in connection with the issuance of the SAC bonds, and compared such descriptions to the relevant securitization provisions of the Securitization Law, the financing order and such agreements to confirm the accuracy of such descriptions;
- consulted with legal counsel to assess if there is a basis upon which the SAC bondholders (or the trustee acting on their behalf) could successfully challenge the constitutionality of any legislative action by the Commonwealth of Virginia (including the Virginia Commission) that could repeal or amend the securitization provisions of the Securitization Law that could substantially impair the value of the SAC property, or substantially reduce, alter or impair the SAC charges;
- reviewed the process and procedures in place for it, as servicer, to perform its obligations under the servicing agreement, including without limitation, billing and collecting the SAC charges to be provided for under the SAC property, forecasting SAC charge revenues, preparing and filing applications for true-up adjustments to the SAC charges and enforcing credit standards;
- reviewed the operation of the true-up mechanism for adjusting SAC charge levels to meet the scheduled payments on the SAC bonds; and
- with the assistance of the underwriters, prepared financial models in order to set the initial SAC charges to be provided for under the SAC property at a level sufficient to pay on a timely basis scheduled principal and interest on the SAC bonds.

In connection with the preparation of such models, APCo:

- reviewed (a) the historical electric usage and customer growth within APCo’s customer base; and (b) forecasts of expected energy sales and customer growth; and
- analyzed the sensitivity of the weighted average life of the SAC bonds in relation to variances in actual electricity consumption levels (electric sales at distribution voltage) from forecasted levels and in relation to the true-up mechanism in order to assess the probability that the weighted average life of the

SAC bonds may be extended as a result of such variances, and in the context of the operation of the true-up mechanism for adjustment of SAC charges to address under- or over-collections in light of scheduled payments on the SAC bonds.

As a result of this review, APCo has concluded that:

- the SAC property, the financing order and the agreements to be entered into in connection with the issuance of the SAC bonds meet in all material respects the applicable statutory and regulatory requirements;
- the disclosure in this prospectus regarding the securitization provisions of the Securitization Law, the financing order and the agreements to be entered into in connection with the issuance of the SAC bonds is as of its date, accurate in all material respects;
- the servicer has adequate processes and procedures in place to perform its obligations under the servicing agreement;
- SAC charge revenues, as adjusted from time to time as provided in the securitization provisions of the Securitization Law and the financing order, are expected to be sufficient to pay on a timely basis scheduled principal and interest on the SAC bonds; and
- the design and scope of APCo's review of the SAC property as described above is effective to provide reasonable assurance that the disclosure regarding the SAC property in this prospectus is accurate in all material respects.

DESCRIPTION OF THE SAC PROPERTY

Creation of SAC Property; Financing Order

In accordance with the Securitization Law, the Financing Order defines the "securitized asset cost property" constituting the SAC property as the rights and interests of APCo, or its successor or assignee, under the financing order, including the right to impose, bill, charge, collect and receive SAC charges authorized in the financing order and to obtain periodic adjustments to such SAC charges as provided in the financing order. The SAC bonds will be secured by the SAC property, as well as the other collateral described under "Description of the SAC Bonds—The Security for the SAC Bonds."

In addition to the right to impose, bill, charge, collect and receive SAC charges, the financing order:

- authorizes the transfer of the SAC property to us and the issuance of SAC bonds;
- establishes procedures for annual true-up adjustments to SAC charges to correct for over-collections or under-collections and semi-annual and more frequent interim true-up adjustments if the servicer forecast insufficient SAC charge collections; and
- provides and pledges that after the earlier of the transfer of the SAC property to an assignee or the issuance of SAC bonds authorized by the financing order, the financing order is irrevocable and may not be amended, modified, or terminated by any subsequent action of the Virginia Commission (except for the true-up mechanism adopted by the Virginia Commission).

A form of issuance advice letter and a form of tariff rider (referred to herein as the "**securitization financing rider**") are attached to the financing order. We will complete and file both documents with the Virginia Commission immediately after the pricing of the SAC bonds. The issuance advice letter confirms to the Virginia Commission the interest rate, expected sinking fund schedule and amortization schedule for the SAC bonds and sets forth the actual dollar amount of the initial SAC charges as described below under "APCo's Financing Order—Issuance Advice Letter." The Virginia Commission's review of the issuance advice letter will be limited to determining that the final structuring, terms and pricing of the SAC bonds are consistent with the criteria established in the financing order and that the mathematical calculations are accurate.

Securitization Financing Rider; SAC Charges

The securitization financing rider establishes the initial SAC charges. It also implements the procedures for periodic adjustments to the SAC charges, the payment of SAC charges and the annual procedures allowing APCo as servicer to reconcile the amount of SAC charges remittances with the periodic payment requirement.

The SAC charges will be payable by all existing and future Virginia Commission-jurisdictional area retail customers that receive electric service within APCo's geographic service territory in the Commonwealth of Virginia, irrespective of the generation supplier of such customer. Please read "The Securitization Law—SAC Charges Are Nonbypassable" in this prospectus.

For purposes of billing SAC charges, each customer will be designated as a customer belonging to one of the SAC charge customer classes in accordance with the methodology approved in APCo's most recent base rate case. Accordingly, APCo will initially allocate the SAC charges among the SAC charge customer classes as follows:

SAC Charge Customer Classes

Customer Class	Allocation Percentage
Residential	61.32%
Commercial	21.30%
Industrial	17.38%
Total*	**100.00%**

* Total may not add up due to rounding.

The financing order provides that the allocation methodology shall remain in effect unless otherwise modified by order of the Virginia Commission in a subsequent base rate case or cases. In addition, upon the occurrence of a significant and sustained change, the servicer may submit a non-standard true-up adjustment tariff rider to the Virginia Commission to reallocate SAC charges among customer classes. A significant and sustained change is deemed to have occurred if the forecasted load of any customer class for the upcoming remittance period is projected to increase or decrease by ten percent or more compared to the original projected load for that class as set forth in the financing order or in the most recent application of the true-up mechanism and such changes are projected to be sustained. Please read "The Servicing Agreement—SAC Charge Adjustment Process" in this prospectus.

The nonbypassable charge applicable to each SAC charge customer class for any period will be determined based on the allocation percentage of such class and the periodic billing requirement, which includes the amount necessary to make payments on the SAC bonds and pay on-going financing costs for the related period, and the most recent forecast of billing determinants for that class. The periodic billing requirement represents the aggregate dollar amount of the SAC charges that must be billed so that the projected SAC charge collections will be timely and sufficient to meet the entire aggregate periodic payment requirement for that period, based upon: (a) forecast usage data for the period; (b) forecast uncollectibles for the period; and (c) forecast lags in collection of billed SAC charges for the period. In the true-up process, the over- or under-collection from any prior period will be added to or subtracted from, as the case may be, the periodic billing requirement for the upcoming period.

The true-up adjustment methodology approved in the financing order requires that any delinquencies or under-collections, regardless of the customer class in which they arise, are reflected in the cumulative difference between the periodic payment requirement and actual collections and are taken into account in the application of the true-up mechanism.

The SAC charges will be calculated to recover the periodic payment requirement for the SAC bonds, including securitized asset costs and financing costs (consisting of remaining up-front financing costs and on-going financing costs), and will be allocated among customer classes in accordance with the allocation methodology approved in APCo's most recent base rate case. The SAC charges for each class will then be determined using the most recent forecast of billing determinants for that class, consistent with the tariff and true-up methodology approved in the financing order.

The initial SAC charge would represent approximately % of the total bill for a typical 1,000 kWh/month Virginia Commission-jurisdictional area residential customer as of , 2026.

Billing and Collection Terms and Conditions

APCo bills its customers, on average, every business day based on a 21 day cycle calendar. Residential and most commercial customers are billed in established cycles, with the total number of days between meter readings ranging from 28 to 30 days. Commercial and industrial customers with more complex billing arrangements (normally dictated by contractual terms) are manually billed on a calendar month basis.

SAC charges will be collected by the servicer. SAC charges will be deposited by the servicer into the collection account under the terms of the indenture and the servicing agreement. The servicer will deposit in the collection accounts payments of SAC charges each business day based on estimated daily collections (subject to subsequent reconciliation with actual customer receipts) in accordance with the procedures described below under "The Servicing Agreement —Remittances to Collection Account."

So long as the intercreditor agreement and joinder is in effect, APCo will allocate, or cause to be allocated, amounts owed to us and the other recipients of remittances described therein in accordance with the terms of the intercreditor agreement and joinder. Any amounts collected by APCo that represent partial payments of: (a) if the intercreditor agreement and joinder remains in effect, the portion of the customer bill allocable to SAC charges pursuant to the terms of the intercreditor agreement and joinder; or (b) otherwise, the amount paid by a customer will be applied to all charges on such customer's bill, including without limitation electric service charges and all SAC charges (under the financing order or future financing orders) and all similar securitization charges, based, as to a bill with charges covering more than one month, on the chronological order of billing, and, as to those charges with the same billing date, on a pro-rata basis. In addition, subject to any applicable intercreditor agreement and joinder, in the event APCo sponsors future offerings of SAC bonds or other securitization bonds, partial collections representing SAC charges and any other similar securitization charges shall be allocated among all such securitization bonds on a pro-rata basis based upon the amounts billed with respect to each issuance of securitization bonds.

THE SECURITIZATION LAW

Overview

In March 2025, the Virginia Legislature passed the "Financing for Certain Securitized Asset Costs; Phase I Utility" law (referred to herein as the "**Securitization Law**"), establishing a financing mechanism though which APCo can use securitization financing for securitized asset costs by issuing "securitized asset cost bonds." The securitized asset cost bonds must be approved in a financing order issued by the Virginia Commission. This provision of Virginia law, the Securitization Law, as amended, is codified at Va. Code § 56-249.8. A Virginia electric utility subject to the jurisdiction of the Virginia Commission must apply to the Virginia Commission in order for a financing order under the Securitization Law to authorize the issuance of securitized asset cost bonds.

APCo's service territory in Virginia was struck by several severe weather events between January 1, 2024 and March 31, 2025, causing substantial damage to APCo's transmission and distribution facilities. APCo applied for a financing order under the Securitization Law, which was issued on November 24, 2025. The financing order became final and nonappealable on December 24, 2025, as a result of no third party filing a petition to challenge the financing order.

Under the Securitization Law and the financing order, APCo's customers will pay SAC charges, which are nonbypassable charges included in their monthly charges for electric service. SAC charges will fund payments of principal and interest on the SAC bonds, together with related financing costs. SAC charges will be collected by APCo, as initial servicer, or its successor, as provided for in the financing order. SAC charges are required to be adjusted at least annually, and more frequently as necessary or otherwise required by the financing order, to ensure the projected recovery of amounts sufficient to provide timely payment of the scheduled principal, interest and other required amounts in connection with the SAC bonds.

APCo and Other Utilities May Securitize Securitized Asset Costs and Related Financing and Ongoing Costs

We May Issue SAC Bonds to Recover APCo's Securitized Asset Costs.

Under the Securitization Law and the plenary power granted to the Virginia Commission under the Virginia Constitution, the Virginia Commission may issue financing orders approving the issuance of SAC bonds, such as the SAC bonds, to recover certain costs of APCo, including securitized asset costs, upfront and ongoing financing costs associated with the issuance of securitized asset bonds, and the cost of undepreciated generation plant balances. APCo, its successors or a third-party assignee of APCo may issue securitized asset cost bonds. The Securitization Law requires the proceeds of the securitized asset cost bonds to be used for the purposes of recovering or financing securitized asset costs and financing costs. The SAC bonds are secured by and payable from the securitized asset cost property, which includes the right to impose, bill, charge, collect and remit SAC charges, to obtain periodic adjustments to such charges as provided in the financing order and all revenues, collections, claims, rights to payments, payments, money or proceeds arising from the foregoing rights and interests. Under the financing order, the expected term of the scheduled final payment date of the last maturing tranche of SAC bonds issued is required to be no more than approximately 20 years from the issuance of the SAC Bonds, while the final maturity date of each tranche is longer than the scheduled final payment date for such tranche.

Under the financing order, securitized asset costs generally are to be allocated among customer classes in accordance with the methodology approved in APCo's or its successors' most recent base rate case. SAC charges can be imposed only when and to the extent that SAC bonds are issued.

The Securitization Law contains a number of provisions designed to facilitate the securitization of securitized asset costs and related upfront and ongoing financing costs.

Creation of SAC Property.

As authorized by the Securitization Law, and provided by the financing order, as of the effective date of the financing order, the SAC property is approved and, upon transfer of the SAC property to us, the SAC property shall be created, and shall consist of (a) all rights and interests of APCo or its successors or assignees under the financing order, including the right to impose, bill, charge, collect and receive SAC charges authorized in financing order and as the servicer to obtain true-up adjustments to such charges as provided in the financing order, and (b) all revenues, collections, claims, rights to payments, payments, money or proceeds arising from the rights and interests specified in the financing order, regardless of whether such revenues, collections, claims, rights to payment, payments, money or proceeds are imposed, billed, charged, collected or received with, or maintained together with or commingled with other revenues, collections, rights to payment, payments, money or proceeds. The creation of SAC property is conditioned upon, and shall he simultaneous with, the sale or other transfer of the SAC property to us, and the issuance of the SAC bonds and the pledge of the SAC Property to secure the SAC bonds.

A Financing Order is Irrevocable.

A financing order, once effective, together with the securitized asset cost charges authorized in such financing order, is irrevocable and not subject to amendment or modification by the Virginia Commission, except for true-up adjustments pursuant to the Securitization Law in order to correct over-collections or under-collections and to ensure the projected recovery of amounts sufficient to provide timely payment of debt service and all other upfront and ongoing financing costs in connection with the related securitized asset cost bonds. Although a financing order is irrevocable, the Securitization Law allows for electric utilities, including APCo, to apply for one or more new financing orders to provide for refinancing retiring and refunding securitized asset cost bonds.

Commonwealth of Virginia and Virginia Commission Pledges.

The Commonwealth of Virginia has pledged in the Securitization Law that it will not (i) alter the provisions of the part of the Securitization Law which authorizes the Virginia Commission to create a contract right or chose in action by the issuance of a financing order, to create SAC property, and to make the SAC charges imposed by a financing order irrevocable, binding and nonbypassable charges, (ii) take or permit any action that impairs or would impair the value of the SAC property or the security for SAC bonds or revises the SAC charges for which recovery is authorized, or in any way impair the rights and remedies of the bondholders, assignees, and other financing parties, or (iii) except for true-up adjustments discussed in "APCo's Financing Order—True-ups" and "The Servicing Agreement —SAC Charge Adjustment Process," reduce, alter or impair the SAC charges to be imposed, billed, charged, collected and remitted for the benefit of SAC bondholders, any assignee, and any other financing parties until the principal, interest, premium, if any, financing costs, and any other fees, expenses, or charges incurred and contracts to be performed in connection with the related SAC bonds have been paid and performed in full. However, nothing will preclude limitation or alteration if and when full compensation is made by law for the full protection of the SAC charges collected pursuant to the financing order and the full protection of the SAC bondholders and any assignee or financing party. Please read "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions" in this prospectus.

The Virginia Commission is an independent constitutional state agency established under Article IX of the Virginia Constitution and has jurisdiction over APCo. Pursuant to the Securitization Law and as expressly provided in the financing order, after the earlier of the transfer of SAC property or the issuance of the SAC bonds, the financing order is irrevocable. Except for formula-based true-up adjustments authorized in the financing order, the Commission may not amend, modify, or terminate the financing order or reduce, impair, postpone, terminate, or otherwise adjust the SAC charges approved therein until the SAC bonds and all related financing costs have been paid in full. In addition, consistent with the Securitization Law, the Commonwealth of

Virginia and the Virginia Commission have pledged not to take or permit any action that would reduce, alter, or impair the SAC charges, the value of the SAC property, or the rights and remedies of SAC bondholders and other financing parties until those obligations are fully paid. Please read "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions" in this prospectus.

The Commonwealth of Virginia does not have a commonwealth-wide voter referendum or initiative process that would allow direct action on the Securitization Law. As a result, absent an amendment to the Virginia Constitution, the Securitization Law cannot be amended or repealed by direct action of the electorate of the Commonwealth of Virginia.

Constitutional Matters

To date, no federal or Virginia cases addressing the repeal or amendment of the Securitization Law or securitization provisions analogous to those contained in the Securitization Law have been decided. There have been cases in which federal courts have applied the Contract Clause of the United States Constitution to strike down legislation regarding similar matters, such as legislation reducing or eliminating taxes, public charges or other sources of revenues servicing other types of bonds issued by public instrumentalities or private issuers, or otherwise substantially impairing or eliminating the security for bonds or other indebtedness. However, while Virginia courts apply the Contract Clause of the Virginia Constitution, set forth in Virginia Constitution Art. I, § 11, in a similar manner as the Contract Clause of the United States Constitution, Virginia courts have not addressed the Contract Clause of the Virginia Constitution in the context of similar financial matters, leaving the federal Contract Clause as the better understood constitutional contract clause defense to any legislation that substantially impairs private contractual obligations.

Based upon this case law, Sidley Austin LLP, as counsel to APCo and us, with respect to the Contract Clause of the United States Constitution, and Troutman Pepper Locke LLP, as Virginia counsel to APCo and us, with respect to the Contract Clause of the Virginia Constitution, expect to deliver opinions, prior to the closing of the offering of the SAC bonds described in this prospectus, to the effect that, for the purposes of the Contract Clause of the United States Constitution, and the Contract Clause of the Virginia Constitution, respectively, the state pledge described above unambiguously indicates the Commonwealth of Virginia's intent to be bound with the holders of the SAC bonds and, subject to all of the qualifications, limitations and assumptions set forth in their opinions, supports the conclusion that, for the purposes of the Contract Clause of the United States Constitution, the state pledge constitutes a binding contractual relationship between the Commonwealth of Virginia and the holders of the SAC bonds.

Subject to all of the qualifications, limitations and assumptions set forth in such opinion, including that any impairment of the contract be "substantial," (a) the opinion of Sidley Austin LLP, with respect to the Contract Clause of the United States Constitution, is expected to state that a reviewing court of competent jurisdiction would conclude that, absent a demonstration by the Commonwealth of Virginia that the same is necessary to further a significant and legitimate public purpose, the holders of the SAC bonds could successfully challenge under the Contract Clause of the United States the constitutionality of any legislation passed by the Virginia legislature which becomes law, or any action of the Virginia Commission related to its exercise of powers granted by the legislature of the Commonwealth of Virginia, including rescission or amendment of the financing order, determined by such court to limit, alter, impair or reduce the value of the SAC charges or SAC property or otherwise cause an impairment of the terms of the SAC bonds or the rights and remedies of the holders of the SAC bond prior to the time that the SAC bonds are fully paid, and (b) the opinion of Troutman Pepper Locke LLP, with respect to the Contract Clause of the Virginia Constitution, is expected to state that a reviewing Virginia court of competent jurisdiction would conclude that the state pledge provides a basis upon which the holders of the SAC bonds could challenge successfully under the Contract Clause of the Virginia Constitution any action by the legislature of the Commonwealth of Virginia or any action by the Virginia Commission of a legislative character, including the rescission or amendment of the financing order, that violates the state pledge in a manner that substantially impairs or would substantially impair the value of the SAC charges or SAC

property, prior to the time that the SAC bonds are paid and performed in full, unless the action is a proper exercise of the Commonwealth of Virginia's police power and the adjustment of the rights and responsibilities are based upon reasonable conditions and of a character appropriate to the public purpose justifying the action.

In addition, any action of the Virginia legislature adversely affecting the SAC property or the ability to collect charges may be considered a "taking" under the United States or Virginia Constitutions. Sidley Austin LLP has advised us that it is not aware of any federal, and Troutman Pepper Locke LLP, has advised us that it is not aware of any Virginia court cases addressing the applicability of the Takings Clause of the United States or Virginia Constitution, respectively, in a situation analogous to that which would be involved in an amendment or repeal of the Securitization Law. It is possible that a court would decline even to apply a Takings Clause analysis to a claim based on an amendment or repeal of the Securitization Law, because, for example, a court might determine that a Contract Clause analysis rather than a Takings Clause analysis should be applied. Accordingly, while the application is uncertain (a) assuming applicable courts would apply a Takings Clause analysis under the Takings Clause of the United States Constitution, the opinion of Sidley Austin LLP is expected to state that, under the Takings Clause of the United States Constitution, the Commonwealth of Virginia would be required to pay just compensation to holders of the SAC bonds if the Commonwealth of Virginia's amendment or repeal of the Securitization Law or taking of any other action in contravention of the state pledge if doing so (i) constituted a permanent appropriation of a substantial property interest of the holders of the SAC property or denied all economically productive use of the SAC property, (ii) destroyed the SAC property other than in response to emergency conditions, or (iii) substantially impaired the value of the SAC property or the SAC charges (other than as contemplated under the formula-based true-up mechanism authorized by the Securitization Law and the financing order) so as to unduly interfere with the reasonable expectations of the holders of the SAC bonds arising from their investments in the bonds and (b) assuming applicable Virginia courts would apply a Takings Clause analysis under the Takings Clause of the Virginia Constitution, the opinion of Troutman Pepper Locke LLP is expected to state that under the Takings Clause of the Virginia Constitution, a reviewing Virginia court of competent jurisdiction would hold that the Commonwealth would be required to pay just compensation to holders of the SAC bonds if the Virginia legislature repealed or amended the Securitization Law or took any other action contravening the state pledge and doing so constituted a permanent appropriation of a substantial property interest of the holders of the SAC bonds in the SAC property and deprived the holders of the SAC bonds of their reasonable expectations arising from their investments in the SAC bonds. In examining whether action of the Virginia legislature amounts to a regulatory taking, both federal and state courts may consider the character of the governmental action, the economic impact of the governmental action on the holders of the SAC bonds, and the extent to which the governmental action interferes with distinct investment-backed expectations. There is no assurance, however, that, even if a court were to award just compensation, it would be sufficient for you to recover fully your investment in the SAC bonds.

In connection with the foregoing, Sidley Austin LLP has advised us that issues relating to the Contract and Takings Clauses of the United States Constitution, and Troutman Pepper Locke LLP, has advised us that issues relating to the Contract and Takings Clauses of the Virginia Constitution, are essentially decided on a case-by-case basis and that the courts' determinations, in most cases, appear to be strongly influenced by the facts and circumstances of the particular case, and each has further advised us that there are no reported controlling judicial precedents that are directly on point. The opinions described above will be subject to the qualifications included in them. The degree of impairment necessary to meet the standards for relief under a Takings Clause analysis or Contract Clause analysis could be substantially in excess of what a holder of the SAC bonds would consider material.

In addition, Troutman Pepper Locke LLP, expects to render an opinion, prior to the closing of the offering of the SAC bonds described in this prospectus, to the effect that the Securitization Law was duly enacted by the Virginia legislature in accordance with all applicable laws of the Commonwealth of Virginia, is in full force and effect, and Troutman Pepper Locke LLP is unaware of any pending appeal or litigation challenging the validity of the Securitization Law.

We and APCo will file a copy of each of the Sidley Austin LLP and Troutman Pepper Locke LLP, opinions as exhibits to an amendment to the registration statement of which this prospectus is a part, or to one of our periodic filings with the SEC.

For a discussion of risks associated with potential judicial, legislation or regulatory actions, please read "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions" in this prospectus.

The Virginia Commission May Adjust SAC Charges and Customer Class Allocations

The Securitization Law authorizes the Virginia Commission to provide, and the Virginia Commission has provided, in the financing order, that SAC charges be adjusted at least annually. The purposes of these true-up adjustments are:

- to correct any over-collections or under-collections; and
- to ensure the projected recovery of amounts sufficient to provide timely payment of debt service and all other financing costs (including any necessary replenishment of the capital subaccount).

True-up adjustments will additionally be applied semi-annually (and, beginning 12 months prior to the last scheduled final payment date of the last maturing SAC bonds, quarterly) if a servicer forecasts a shortfall in SAC charge collections to ensure the amount of SAC charges collected is sufficient to make all scheduled payments of principal of and interest on the SAC bonds and ongoing financing costs on a timely basis, including to replenish draws on the capital subaccount.

In addition to these annual, semi-annual and quarterly true-up adjustments, APCo will also be authorized to apply the true-up mechanism more frequently to make interim true-up adjustments from time-to-time in order to ensure recovery of amounts sufficient to the timely and full payment of interest and scheduled principal on the SAC Bonds and other required amounts and charges in connection with the SAC bonds.

The financing order also provides for a non-standard true-up to adjust, if necessary, customer class allocations. If the servicer determines there has been, or will be, a significant and sustained change in the forecasted load of any customer class—defined in the financing order as a projected increase or decrease of ten or more for the upcoming remittance period compared to the original projection in the financing order or the most recent true-up adjustment—the servicer may file a non-standard true-up with the Virginia Commission.

SAC Charges Are Nonbypassable

The Securitization Law and financing order provide that the SAC charges are nonbypassable. The SAC charges are: (a) imposed on and part of all retail customer bills; (b) collected by APCo or its successors or assignees (or a collection agent) separate and apart from base rates; and (c) paid by all retail customers of APCo irrespective of the customer's generation supplier. As defined in the financing order, "**customers**" means all existing and future Virginia Commission-jurisdictional retail customers that receive electric service within APCo's Virginia service territory that have not opted out (to the extent eligible to opt out under Securitization Law) and are therefore subject to the SAC charges.

The Virginia Commission found, as stated in the financing order, that APCo does not have any present or future retail access customers that are categorically exempt from the SAC charges. However, under the Securitization Law and Section 56-577 A 6 of the Code of Virginia, partially exempt customers are exempt from the portion of the SAC charges representing the undepreciated Amos and Mountaineer plant balances. Because the partially exempt customers do not currently pay APCo's generation charges, they are not included in the customer base to which the plant-balance portion of the SAC charges is allocated, but they do remain subject to the portion of the SAC charges attributable to storm restoration costs and upfront financing costs. Please read "The SAC Charges" in this prospectus.

Any successor to APCo, including after reorganization, bankruptcy, merger, sale, or electric utility restructuring, must perform and satisfy APCo's obligations under the financing order in the same manner and to the same extent as APCo, including billing, collecting, and remitting the SAC charges. Selecting another supplier for electricity supply service does not permit a customer to bypass the SAC charges so long as the customer remains a retail customer within APCo's Virginia service territory.

The Securitization Law Protects the SAC Bondholders' Security Interest in SAC Property

The Securitization Law provides that an enforceable security interest in SAC property will be created after all of the following have occurred (a) the issuance of a financing order; (b) value is received by the debtor or seller for such SAC property; (c) the debtor or seller has rights in such SAC property or the power to transfer rights in such SAC property; and (d) a security agreement granting such security interest is executed and delivered by the debtor or seller. The security interest attaches without physical delivery of collateral or other act, and upon filing of a financing statement with the Virginia Commission.

Upon perfection by filing a financing statement in accordance with §56-249.8 E 2 of the Securitization Law and otherwise in accordance with the Virginia Uniform Commercial Code, the security interest will be valid, binding, and perfected against all parties having claims of any kind in tort, contract, or otherwise against the person granting the security interest, regardless of whether the parties have notice of the lien. Also upon the filing of the financing statement, a transfer of an interest in the SAC property shall be perfected against all parties having claims of any kind, including any judicial lien or other lien creditors or any claims of the transferor or creditors of the transferor, and shall have priority over all competing claims other than any prior security interest, ownership interest, or assignment in the property previously perfected in accordance with the Securitization Law.

The Securitization Law provides that priority of transfers of and security interests in SAC property will not be impaired by:

- commingling of funds arising from SAC charges with other funds; or
- modifications to the financing order (including formula-based true-ups).

Amounts collected as SAC charges are deemed proceeds of the SAC property notwithstanding any commingling. Please read "Risk Factors—Risks Associated with the Unusual Nature of the SAC property" in this prospectus.

The Securitization Law Characterizes the Transfer of SAC Property as a True Sale

The Securitization Law provides that any sale, assignment, or other transfer of SAC property shall be an absolute transfer and true sale of and not a pledge of, or secured transaction relating to, the transferor's right, title, and interest in, to, and under the SAC property if the documents governing the transaction expressly state that the transaction is a sale or other absolute transfer other than for federal and state income tax purposes. For all purposes other than federal and state income tax purposes, the parties' characterization of a transaction as a sale of an interest in SAC property shall be conclusive that the transaction is a true sale and that ownership has passed to the party characterized as the purchaser, regardless of any fact or circumstance that might support characterization of the transfer as a secured transaction.. Please read "The Sale Agreement" and "Risk Factors—Risks Associated with Potential Bankruptcy Proceedings of the Seller or the Servicer" in this prospectus.

APCO'S FINANCING ORDER

Background. APCo's Virginia Commission-jurisdictional area incurred substantial costs associated with (a) storm restoration work performed between January 1, 2024 and March 31, 2025; and (b) the Virginia Commission-jurisdictional area share of the undepreciated balances of APCo's Amos and Mountaineer generating facilities as of December 31, 2023. On July 31, 2025, APCo completed filing a petition with the Virginia Commission under the Commonwealth of Virginia's Securitization Law, requesting a financing order authorizing securitization of the previously discussed costs and related financing costs. Following notice, Staff investigation, and a public hearing on October 1, 2025 before a Hearing Examiner, the Virginia Commission issued its financing order on November 24, 2025 authorizing the issuance of SAC bonds.

The financing order authorizes APCo, through the issuance of SAC bonds, to recover certain Virginia Commission approved securitized asset costs in an aggregate principal amount not to exceed approximately $1.376 billion, equal to the sum of: (a) approximately $1.36 billion of securitized asset costs, consisting primarily of the Virginia Commission-jurisdictional area storm restoration costs incurred between January 1, 2024 and March 31, 2025, of approximately $140.6 million and the Virginia Commission-jurisdictional area share of undepreciated Amos and Mountaineer plant balances of approximately $1.2 billion, plus (b) up-front financing costs, which are estimated at approximately $11.2 million, subject to update through the issuance advice letter process, in each case net of any large customer opt-out payments.

The financing order also authorizes: (a) APCo's proposed financing structure and issuance of the SAC bonds within one year of the date of the issuance of the financing order; (b) the creation and sale of SAC property, including the right for the imposition, collection and periodic adjustments of SAC charges sufficient to pay the SAC bonds and associated financing costs; (c) the sale of the SAC property by APCo to us; and (d) a tariff rider to implement the SAC charges. The financing order became final and nonappealable on December 24, 2025, as a result of no third-party filing a petition to challenge the financing order.

We have filed the financing order with the SEC as an exhibit to the registration statement of which this prospectus forms a part.

The financing order and the Securitization Law include the Commonwealth of Virginia's pledge that neither the Commonwealth of Virginia nor the Virginia Commission shall not take any action to: (a) alter the provisions of the Securitization Law that authorize the Virginia Commission to create an irrevocable contract right or chose in action by the issuance of the financing order, to create the SAC property in the form of the SAC property, and to make the SAC charges imposed by the financing order in the form of the SAC charges irrevocable, binding, or nonbypassable charges; (b) take or permit any action that impairs or would impair the value of the SAC property or the security for the SAC bonds or revises the securitized asset costs for which recovery is authorized by the financing order; (c) in any way impair the rights and remedies of the SAC bondholders, assignees, and other financing parties related thereto; or (d) except for changes made pursuant to the true-up adjustment authorized under the financing order, reduce, alter, or impair SAC charges that are to be imposed, billed, charged, collected, and remitted for the benefit of such SAC bondholders, assignees, and financing parties until any and all principal, interest, premium, financing costs and other fees, expenses, or charges incurred, and any contracts to be performed, in connection with the related SAC bonds have been paid and performed in full. This pledge is binding upon issuance of the SAC bonds and is legally enforceable; however, the SAC bonds are not a debt or general obligation of the Commonwealth of Virginia, and neither the Commonwealth of Virginia's full faith and credit nor its taxing power is pledged to their payment or interest.

Issuance of SAC Bonds. The financing order authorizes APCo to cause us to issue SAC bonds in an aggregate principal amount of approximately $1.376 billion.

Collection of SAC Charges. The financing order authorizes APCo to impose, bill, and collect nonbypassable SAC charges from APCo's retail customers in amounts designed, through a formula-based true-up mechanism, to be sufficient to provide for timely payment of scheduled principal of and interest on the SAC bonds and to pay all related ongoing financing costs associated with the SAC bonds.

No Cap; Duration of SAC Charges. There is no "cap" on the level of SAC charges that may be imposed on customers to provide for the timely payment of scheduled principal and interest on the SAC bonds and all related financing costs and other required amounts and charges payable in connection with the SAC bonds. There is also no limit on how long SAC charges may be imposed; pursuant to the financing order, the SAC charges will be imposed until the SAC bonds and all related financing costs have been paid in full.

Issuance Advice Letter. Following the determination of the final terms of the SAC bonds and prior to their issuance, APCo is required to submit to the Virginia Commission within one business day after actual pricing of the SAC bonds an issuance advice letter, which will:

- describe the final structure and terms of the SAC bond issuance, including an updated accounting of the up-front financing costs, and on-going financing costs;
- demonstrate compliance with and certify that the structuring, pricing and financing costs of the SAC bonds achieved the statutory cost objectives, as set forth in the financing order; and
- provide an updated analysis of the net present value calculation, as compared to traditional methods of finance.

Both the issuance advice letter and the accompanying securitization financing rider become effective on the date of issuance of the SAC bonds.

Subsequently, unless the Virginia Commission issues a disapproval letter stopping the issuance of SAC bonds before noon on the third business day after pricing, the transaction shall be final, irrevocable and incontestable and shall proceed without any further action by the Virginia Commission. The Virginia Commission shall only issue a disapproval letter to stop the transaction if the Virginia Commission determines that (a) the transaction does not comply with the financing order; or (b) APCo has not delivered the required certification regarding achievement of the statutory cost objectives, set forth in the financing order.

Securitization Financing Rider. We are required, prior to the issuance of any SAC charges, to complete and file a securitization financing rider in the form attached to the financing order. The rate securitization financing rider establishes the initial SAC charges. They also implement the procedures for periodic adjustments to the SAC charges.

True-Ups. The financing order provides that SAC charges will be reviewed and adjusted at least annually to correct any overcollections or undercollections and to ensure the billing of amounts necessary to generate collections of the SAC charges sufficient to timely provide payment of all amounts due on the SAC bonds and all other ongoing financing costs. This true-up mechanism will additionally be applied semi-annually (and, beginning 12 months prior to the scheduled final payment date of the last maturing SAC bonds, quarterly) if a servicer forecasts a shortfall in SAC charge collections to ensure the amount of SAC charges collected is sufficient to make all scheduled payments of principal of and interest on the SAC bonds and ongoing financing costs on a timely basis, including to replenish draws on the capital subaccount. In addition to these annual, semi-annual and quarterly true-up adjustments, APCo will also be authorized to apply the true-up mechanism more frequently to make interim true-up adjustments from time-to-time in order to ensure recovery of amounts sufficient to the timely and full payment of interest and scheduled principal on the SAC bonds and other required amounts and charges in connection with the SAC bonds.

In addition to the true-up mechanism described above, the servicer also has the right to effect a non-standard true-up in the event of a significant and sustained change in the forecasted load of any customer class. For purposes of this non-standard true-up, a significant change is deemed to have occurred if the forecasted load of any customer class for the upcoming remittance period is projected to increase or decrease by ten percent or more compared to the original projected load for that class as set forth in the financing order or in the most recent application of the true-up mechanism or the non-standard true-up.

To effect a non-standard true-up, the servicer shall file the proposed non-standard true-up with the Virginia Commission, including supporting data and analysis demonstrating the magnitude and expected duration of the load shift, any changes in billing determinants the non-standard true-up would implement, and the effective date for the adjustment, which must be at least 30 days after the date of the filing with the Virginia Commission. Such non-standard true-up shall also incorporate, if applicable, any updated customer class allocation approved in the servicer's most recent base rate case. Upon the servicer's submission of a non-standard true-up adjustment pursuant, the Virginia Commission shall either administratively approve the requested non-standard true-up in writing or inform the servicer that the non-standard true-up (a) has mathematical or clerical errors; and/or (b) does not allocate the burden of SAC charges in a manner that is consistent with the allocation methodology approved in the servicer's most recent base rate case. Upon administrative approval or the passage of 30 days without notification from the Virginia Commission regarding the non-standard true-up, no further action of the Virginia Commission will be required prior to implementation of the non-standard true-up.

The non-standard true-up is distinct from the true-up mechanism, both of which are intended to address, as applicable, under- or over-collections and, and, in the case of a non-standard true-up, may reallocate SAC charges among customer classes in a manner that is consistent with the customer class allocation methodology approved in APCo's most recent base rate case.

For more discussion of the true-up mechanism and the non-standard true-up, see "The Servicing Agreement—SAC Charge Adjustment Process" in this prospectus.

Virginia Pledge. The Commonwealth of Virginia and its agencies, including the Commission, has pledged in the financing order that it will not (a) alter the provisions of the Securitization Law that (i) authorize the Virginia Commission to create an irrevocable contract right or chose in action by the issuance of the financing order, to create SAC Property, and (ii) make the SAC charges imposed by the financing order irrevocable, binding, or nonbypassable charges; (b) take or permit any action that impairs or would impair the value of SAC Property or the security for the SAC bonds or revises the securitized asset costs for which recovery is authorized; or (c) in any way impair the rights and remedies of the SAC bondholders, assignees, or other financing parties, as further described in §56-249.8 K I of the Securitization Law.

Virginia Pledge and True-Up Mechanism. The Commonwealth of Virginia and its agencies, including the Virginia Commission, has pledged it will not, except for the changes made pursuant to the formulaic true-up mechanism, reduce, alter, or impair the SAC charges until any and all principal, interest, premium, financing costs and other fees, expenses or charges incurred, and any contracts to be performed, in connection with the SAC bonds have been paid and performed in full, as described in §56-249.8 K 1 d of the Securitization Law. However, nothing will preclude limitation or alteration if and when full compensation is made by law for the full protection of the SAC charges collected pursuant to the financing order and the full protection of the SAC bondholders and any assignee or financing party entering into a contract with APCo. Please read "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions" in this prospectus.

Servicing Agreement. In the financing order, the Virginia Commission authorized APCo, as the initial servicer, to enter into the servicing agreement which is described under "The Servicing Agreement" in this prospectus.

Binding on Successors and Assignees. The financing order, along with the SAC charges authorized in the financing order, is binding on:

- APCo;
- any successor to APCo;
- any other entity responsible for billing and collecting charges on our behalf; and
- any successor to the Virginia Commission.

THE DEPOSITOR, SELLER, INITIAL SERVICER AND SPONSOR

About APCo

Background Information. APCo is a regulated electric utility engaged principally in the generation, purchase, transmission, distribution, and sale of electricity in West Virginia, central and western Virginia and northeast Tennessee. As of December 31, 2025, APCo served approximately 549,000 Virginia Commission-jurisdictional area retail customers in central and western Virginia through its retail business. APCo is a Virginia corporation and a wholly owned subsidiary of AEP, a public utility holding company. APCo, acting as the initial servicer, and any successor servicer, referred to in this prospectus as the "**servicer**," will service the SAC property securing the SAC bonds under a servicing agreement with us. Neither APCo nor AEP nor any other affiliate (other than us) is an obligor on the SAC bonds. APCo is subject to the jurisdiction of the Federal Energy Regulatory Commission ("**FERC**") under the Federal Power Act of 2005 with respect to the issuance of securities, acquisitions and divestitures of utility assets, certain affiliate transactions and other matters. APCo is regulated by the Virginia Commission with respect to rates charged for delivery of electricity over its transmission and distribution system for end-use consumption by retail customers, quality of service, and service area certification.

Municipalization. Virginia law authorizes municipalities to seek to acquire portions of an electric utility's electric distribution facilities through voluntary transactions or the power of condemnation for use as part of municipally owned utility systems. The Securitization Law specifies that SAC charges approved by a financing order shall be collected by an electric utility as well as its "successors or assignees." In the servicing agreement, APCo has covenanted to assert in an appropriate forum that any municipality that acquires any portion of APCo's electric distribution facilities in the Commonwealth of Virginia by exercise of the power of condemnation, including upon the expiration of any franchise agreement applicable to APCo's operations in the Commonwealth of Virginia, must be treated as a successor to APCo under the Securitization Law and the financing order and that customers in such municipalities remain responsible for payment of SAC charges. However, the involved municipality might assert that it should not be treated as a successor to APCo for these purposes and that its distribution customers are not responsible for payment of SAC charges. Please read "Risk Factors—Risks Associated with Potential Judicial, Legislative or Regulatory Actions—A municipal entity may seek to acquire portions of APCo's electric distribution facilities in the Commonwealth of Virginia and avoid payment of the SAC charges" in this prospectus.

Service Territory. APCo provides integrated electric utility services, including generation, transmission, distribution and sale of electricity, to approximately 549,000 Virginia Commission-jurisdictional area retail customers in central and western Virginia through its retail business. As of December 31, 2025, for APCo's operations in the Virginia Commission-jurisdiction area, Virginia Commission-jurisdictional service territory it had approximately 32,000 miles of distribution lines and 3,000 miles of transmission lines. As of December 31, 2025, APCo owned or partially owned 16 generating plants, consisting of 105 generating units for an aggregate net generating capacity of 6,727 MW. APCo also has additional generation and capacity through power purchase agreements and capacity purchase agreements of 1,026.5 MW. The generating and power purchase agreement capacity by fuel mix was the following: coal and lignite – 63%; natural gas - 22%; and renewables (wind) - 15%.

Executive Offices. APCo's principal executive offices are located at 1 Riverside Plaza, Columbus, Ohio 43215. The phone number at this address is (614) 716-1000.

Where to Find Information About APCo. AEP, a public utility holding company that wholly owns APCo, files periodic reports with the SEC as required by the Exchange Act. These SEC filings are available to the public over the internet at the SEC's website at www.sec.gov. AEP maintains a website at https://www.aep.com/, where it posts AEP's SEC filings as well as other filings and reports about APCo. Except as provided in this prospectus, no other information contained on that website constitutes part of this prospectus.

Servicing Experience

The SAC bonds are the first issuance of bonds APCo has sponsored in Virginia and that are secured by SAC property pursuant to the Securitization Law. However, AEP through its other subsidiaries has prior experience as servicer in the issuance of bonds similar to the SAC bonds, including the issuance of the following:

(a) $477,749,000 aggregate principal amount of senior secured recovery bonds by Kentucky Power Cost Recovery LLC, a wholly owned special purpose subsidiary of Kentucky Power Company ("**Kentucky Power**"), issued on June 12, 2025, for the purpose of recovering certain extraordinary costs, including recovery of deferred costs and retired generation costs, where Kentucky Power, a subsidiary of AEP, acted as servicer (the "**2025 Kentucky Power Bonds**");

(b) $336,700,000 aggregate principal amount of senior secured storm recovery bonds by SWEPCO Storm Recovery Funding LLC, a wholly owned special purpose subsidiary of Southwestern Electric Power Company ("**SWEPCO**"), issued on December 18, 2024, for the purpose of recovering certain storm recovery costs, including carrying charges, related to Hurricanes Laura and Delta and winter storm Uri, and funding a new storm recovery reserve account, where SWEPCO, a subsidiary of AEP, acted as servicer (the "**2024 SWEPCO Bonds**");

(c) $696,920,000 aggregate principal amount of ratepayer-backed bonds by The Oklahoma Development Finance Authority, a public trust and instrumentality of the State of Oklahoma, issued September 7, 2022, for the purpose of allowing Public Service Company of Oklahoma ("**PSO**") to recover certain costs it incurred as a result of winter storm Uri, where PSO, a subsidiary of AEP, acted as servicer (the "**2022 ODFA-PSO RBB Bonds**");

(d) $235,282,000 aggregate principal amount of senior secured system restoration bonds by AEP Texas Restoration Funding LLC, a wholly owned special purpose subsidiary of AEP Texas Inc. ("**AEP Texas**"), issued on September 18, 2019, for the purpose of allowing AEP Texas to recover certain distribution-related system restoration costs in its Central Division related to Hurricane Harvey and certain other weather-related events occurring after December 2008 but prior to Hurricane Harvey, where AEP Texas, a subsidiary of AEP, acted as the servicer (the "**2019 AEP Texas SRC Bonds**");

(e) $380,300,000 aggregate principal amount of senior secured consumer rate relief bonds by Appalachian Consumer Rate Relief Funding LLC, a wholly owned special purpose subsidiary of APCo, issued on November 15, 2013, for the purpose of allowing APCo to recover certain uncollected expanded net energy costs and associated financing costs, where APCo acted as the servicer (the "**2013 APCo CRR Bonds**");

(f) $267,408,000 aggregate principal amount of senior secured phase-in recovery bonds by Ohio Phase-In-Recovery Funding LLC, a wholly owned special purpose subsidiary of Ohio Power Company ("**OPCo**"), issued on August 1, 2013, for the purpose of allowing OPCo to recover certain uncollected previously approved phase-in costs and associated financing costs, where OPCo, a subsidiary of AEP, acted as the servicer (the "**2013 OPCo PIR Bonds**"); and

(g) $800,000,000 aggregate principal amount of senior secured transition bonds by AEP Texas Central Transition Funding III LLC, a wholly owned special purpose subsidiary of AEP Texas, issued on March 14, 2012, for the purpose of allowing AEP Texas's Central Division to recover certain costs related to its transition-to-competition in the State of Texas, where AEP Texas, a subsidiary of AEP, acted as the servicer (the "**2012 AEP TCC Transition Bonds**" and together with the 2025 Kentucky Power Bonds, 2024 SWEPCO Bonds, 2022 ODFA-PSO RBB Bonds, the 2019 AEP Texas SRC Bonds, the 2013 APCo CRR Bonds, the 2013 OpCo PIR Bonds, the "**prior securitizations**").

The underlying structure of the prior securitizations is comparable to the underlying structure of the SAC bonds, with the exception of the use in 2022 of an issuing entity created by the State of Oklahoma rather than a special purpose wholly-owned subsidiary of the applicable AEP subsidiary. AEP's servicing obligations are substantially similar to its previous servicer experience identified above.

APCo's Retail Customer Base and Electric Energy Consumption

The following tables show electric revenue, average number of retail customers and electricity sales for each of APCo's Virginia Commission-jurisdictional area customer classes for the five preceding years. There can be no assurances that the revenue, average number of retail customers and electricity sales, or the composition of any of the foregoing, will remain at or near the levels reflected in the following tables.

Revenue by Customer Class (1)

	2021	2022	2023	2024	2025
Residential	$ 696,097,441	$ 814,406,293	$ 901,124,059	$ 995,623,957	$ 1,043,643,167
Commercial	$ 246,770,077	$ 297,767,639	$ 353,760,885	$ 385,219,485	$ 383,582,616
Industrial	$ 308,175,232	$ 373,582,051	$ 466,543,609	$ 473,754,142	$ 449,028,052
Total(2)	$ 1,251,042,750	$ 1,485,755,983	$ 1,721,428,553	$ 1,854,597,584	$ 1,876,253,835

(1) Calculations based on APCo's Virginia Commission-jurisdictional area customers, including the partially exempt customers.
(2) Totals may not add due to rounding.

Average Retail Customers by Customer Class(1)(2)

	2021	2022	2023	2024	2025
Residential	460,210	460,456	462,259	465,283	467,581
Commercial	72,588	73,192	74,472	74,684	75,045
Industrial	1,938	1,930	1,945	1,944	1,936
Total	534,736	535,578	538,676	541,911	544,562

(1) Calculations based on APCo's Virginia Commission-jurisdictional area customers, including the partially exempt customers.
(2) Calculated as the average of the end-of-month customer counts for the applicable period.

Billed and Accrued KWh(1)

	2021	2022	2023	2024	2025
Residential	6,245,479,642	6,252,213,688	5,674,429,500	5,850,905,382	6,080,422,866
Commercial	2,870,856,470	2,948,418,507	2,776,870,935	2,873,117,615	2,896,064,040
Industrial	5,014,336,474	5,064,268,533	4,814,748,000	4,782,830,302	4,688,296,547
Total(2)	14,130,672,586	14,264,900,728	13,266,048,435	13,506,853,299	13,664,783,453

(1) Calculations based on APCo's Virginia Commission-jurisdictional area customers, including the partially exempt customers.
(2) Totals may not add due to rounding.

Forecasting Electricity Consumption

APCo produces a base rate revenue forecast annually for planning purposes. These forecasts are inputs to earnings projections. Base rate revenues are defined as non-fuel revenues with rider revenues removed so that only the customer charge, MWh charges, MW charges, and other demand-related charges are included.

APCo's base rate revenue forecast is developed by applying the consumption forecast for each customer class, through the next budget year (typically only the first two years of the forecast horizon), to estimated price-

load relationships. These price-load relationships are regression models that estimate class-level average base rate revenue realizations as a function of either monthly MWh consumption per customer (for the residential and commercial classes) or monthly MWh sales (for all other classes). But the functions may occasionally be nonlinear due to either the nature of on-peak/off-peak pricing structures or tariff price tiers. The functions are estimated based on monthly data taken from APCo's billing system. Due to the combination of fixed and variable charges inherent in these revenues, these functions are generally downward sloping since the higher fixed charges make up less of the revenue collected as more energy is consumed. The final estimated functions maintain their estimated slopes but are shifted to ensure they pass through data since the most recent base rate case. Once these functions have been estimated, the projected monthly MWh sales from the consumption forecast are applied to arrive at the projected monthly base rate revenue value.

In producing a consumption forecast (an input into the base rate revenue forecast), APCo employs regression analysis of customer end-use electricity demand. This method considers economic trends, changes in competing and complimentary fuel prices and changes in appliance saturations, as well as changes in appliance efficiencies such as those mandated by legislation. Weather patterns are also accounted for in weather-sensitive classes. This method captures customer response to changes in the economic environment as well as trends in customer preferences. Peak demand forecasts are then generated using the consumption forecast as a basis.

The forecast cycle completed during the third quarter is typically adopted as APCo's official budget. APCo monitors the accuracy of each forecast by conducting variance analysis on a monthly basis while taking into account weather impacts on MWh sales and other deviations from the forecast.

Annual Forecast Variance For Electricity Consumption[(1)]

	Electricity Consumption (MWh)				
	2021	2022	2023	2024	2025
Residential					
Forecast	6,264,882	6,215,372	6,142,670	5,982,576	5,907,730
Actual	6,336,298	6,149,270	5,775,260	5,825,883	6,021,441
Variance	71,416	(66,102)	(367,410)	(156,693)	113,711
Variance (%)	1.14%	-1.06%	-5.98%	-2.62%	1.92%
Commercial					
Forecast	2,818,548	2,878,150	2,817,165	2,800,181	2,771,516
Actual	2,914,073	2,904,437	2,814,705	2,859,107	2,877,305
Variance	95,525	26,287	(2,460)	58,926	105,789
Variance (%)	3.39%	0.91%	-0.09%	2.10%	3.82%
Industrial					
Forecast	4,865,277	5,111,755	5,221,074	4,961,577	4,750,610
Actual	5,064,808	5,041,412	4,841,563	4,773,571	4,678,722
Variance	199,531	(70,343)	(379,511)	(188,006)	(71,888)
Variance (%)	4.10%	-1.38%	-7.27%	-3.79%	-1.51%
Total					
Forecast	13,948,707	14,205,277	14,180,909	13,744,334	13,429,856
Actual	14,315,180	14,095,120	13,431,528	13,458,561	13,577,467
Variance	366,473	(110,157)	(749,381)	(285,773)	147,611
Variance (%)	2.63%	-0.78%	-5.28%	-2.08%	1.10%

(1) Forecast sales are temperature normal. Numbers not exact due to rounding. Calculations based on APCo's Virginia Commission-jurisdictional area customers, including the partially exempt customers.

Credit Policy; Billing Process; Collections Process; Termination of Service

APCo bills its customers directly, and its current credit policies, billing process, and termination of service policies are described below. All information below pertains only to APCo's customers.

Credit Policy

In accordance with the Virginia Commission's regulations, the servicer may require deposits from certain applicants for service of existing customers' accounts to protect it against losses. Deposits may be obtained from customers who cannot demonstrate credit worthiness.

Billing Process

APCo bills its customers once every month, and we expect that an approximately equal number of bills will be distributed each business day. Payments are generally due not later than 21 days after issuance of the related bill. If the due date falls on a holiday or weekend, the due date for payment purposes is the next business day. A bill not paid on or before the due date is considered delinquent. Based on qualifications, customers may be eligible for a budget billing plan. Failure to make timely payments while on any bill payment assistance plan allows the servicer to remove customers from that payment plan, begin account collection activities including the initiation of termination of service.

Collection Process

APCo historically received the majority of customer payments via electronic fund transfers the U.S. mail and paystations; however, other payment options such as credit/debit cards are also available. APCo may change their collection policies and procedures, consistent with Virginia Commission guidelines and the Financing Order, from time to time.

Write-off and Delinquencies

Gross Write-Offs as a Percentage of Revenues[(1)]

The following table shows gross write-offs for electricity and gross write-offs as a percentage of revenue for the past five years for APCo's Virginia Commission-jurisdictional area customers.

	Year ended December 31,				
	2021	2022	2023	2024	2025
Total Revenues	$ 1,251,042,750	$ 1,485,755,983	$ 1,721,428,553	$ 1,854,597,584	$ 1,876,253,835
Gross Write-Offs	$ 4,248,996	$ 10,456,041	$ 5,172,307	$ 4,629,845	$ 5,598,655
Percentage of Total Revenue	0.34%	0.70%	0.30%	0.25%	0.30%

(1) Calculations based on APCo's Virginia Commission-jurisdictional area customers, including the partially exempt customers. Numbers not exact due to rounding. Amounts due from retail customers are considered delinquent if a retail customer has paid less than the full amount due by the due date.

Net Write-Offs as a Percentage of Revenues[1]

The following table shows, for its Virginia Commission-jurisdictional area territories, total APCo net write-offs for electricity and total net write-offs as a percentage of revenue for the past five years. Net write-offs include amounts recovered by APCo from deposits, bankruptcy proceedings and payments received after an account has been either written-off by APCo or transferred to one of its external collection agencies.

	Year ended December 31,				
	2021	2022	2023	2024	2025
Total Revenues	$ 1,251,042,750	$ 1,485,755,983	$ 1,721,428,553	$ 1,854,597,584	$ 1,876,253,835
Net Write-Offs	$ 491,715	$ 8,478,827	$ 3,583,445	$ 2,722,077	$ 3,729,891
Percentage of Total Revenue	0.04%	0.57%	0.21%	0.15%	0.20%

(1) Calculations based on APCo's Virginia Commission-jurisdictional area customers, including the partially exempt customers. Numbers not exact due to rounding.

Delinquencies as a Percentage of Revenues[1][2]

The following table sets forth information relating to the delinquency experience of APCo for residential, commercial, industrial and governmental Virginia Commission-jurisdictional area customers for the past five years:

As of December 31,	2021	2022	2023	2024	2025
1 – 30 days past due	0.48%	0.36%	0.42%	0.28%	0.53%
31 – 60 days past due	0.31%	0.06%	0.05%	0.06%	0.13%
61 – 90 days past due	0.19%	0.02%	0.03%	0.03%	0.05%
90+ days past due	0.53%	0.01%	0.02%	0.00%	0.04%
Total	1.51%	0.45%	0.52%	0.37%	0.75%

(1) Calculations based on APCo's Virginia Commission-jurisdictional area customers, including the partially exempt customers.
(2) Delinquencies are calculated based upon the past due amounts as of December 31 for each year as a percentage of total revenues for the relevant year. Totals may not add due to rounding.

APCo does not anticipate delinquency of SAC charge collections to materially differ from the approximated rates indicated above.

Average Days Sales Outstanding

The following table sets forth information relating to APCo's average days sales outstanding for all of APCo's Virginia Commission-jurisdictional area retail customers for the past five years. Days sales outstanding is a measure of the average number of days that APCo takes to collect its revenue. The average number of days for the collection of SAC charges relating to the SAC bonds is expected to be similar to APCo's revenue collection experience. The days sales outstanding numbers in the following table were generally calculated using a formula which we calculated as follows: on a billing cycle basis, the sum for all retail customers of the number of days between a bill being sent to a retail customer and such bill being paid multiplied by the amount of the bill paid by such retail customer, divided by the total amount paid by all retail customers for such billing cycle.

Year	Average Days Sales Outstanding*
2021	32.76
2022	32.70
2023	33.81
2024	33.48
2025	35.47

* Calculations based on APCo's Virginia Commission-jurisdictional area retail customers, including the partially exempt customers. Numbers not exact due to rounding. Days Sales Outstanding excludes customers on deferred financing agreements/payment plans.

APPALACHIAN POWER RECOVERY FUNDING LLC, THE ISSUING ENTITY

General

We are a limited liability company formed under the Delaware Limited Liability Company Act pursuant to a limited liability company agreement executed by our sole member, APCo, and the filing of a certificate of formation with the Secretary of the State of Delaware. The limited liability company agreement will be amended and restated prior to the issuance date, and all references in this prospectus to our limited liability company agreement mean our amended and restated limited liability company agreement. Our limited liability company agreement restricts us from engaging in activities other than those described in this section. We do not have any employees, but we will pay our member for out-of-pocket expenses incurred by the member in connection with its services to us in accordance with our limited liability company agreement and administration agreement. We have summarized selected provisions of our limited liability company agreement below, a copy of which will be filed as an exhibit to the registration statement of which this prospectus is a part. On the date of issuance of the SAC bonds, our capital will be equal to 0.50% of the principal amount of such SAC bonds issued or such other amount as may allow the SAC bonds to achieve the desired security rating and treat the SAC bond as debt under applicable guidance issued by the Internal Revenue Service, which we also refer to as the IRS.

As of the date of this prospectus, we have not carried on any business activities and have no operating history. Our fiscal year is the calendar year. Immediately following the issuance of the SAC bonds, our assets will include:

- the SAC property and all related SAC charges;
- our rights under the sale agreement and under the bill of sale delivered by APCo pursuant to the sale agreement;
- our rights under the servicing agreement, the intercreditor agreement and joinder, the administration agreement and any subservicing, agency, other intercreditor, administration or collection agreements executed in connection with the servicing agreement, the intercreditor agreement or the administration agreement;
- the collection account and all subaccounts of the collection account;
- all rights to compel the servicer to file for and obtain periodic adjustments to the SAC charges in accordance with the Securitization Law, the financing order, the securitization financing rider and any securitization financing rider adjustments filed in connection therewith;
- all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing;
- all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters of credit rights, money, commercial tort claims and supporting obligations related to the foregoing; and
- all payments on or under and all proceeds in respect of any or all of the foregoing.

The indenture provides that the SAC property, as well as our other assets, other than any cash released to us by the trustee semi-annually from earnings on the capital subaccount, will be pledged by us to the trustee to secure our obligations in respect of the SAC bonds. Pursuant to the indenture, the collected SAC charges remitted to the trustee by the servicer must be used to pay principal and interest on the SAC bonds and our other obligations specified in the indenture.

Our Purpose

We were created for the specific purposes of:

- purchasing, acquiring, owning, holding, administering, servicing and entering into agreements regarding the receipt and servicing of the SAC property and other SAC bond collateral;

- managing, selling, assigning, pledging, collecting amounts due on, or otherwise dealing with, the SAC property and the other SAC bond collateral and certain other related assets;
- negotiating, authorizing, executing, delivering and assuming our obligations under, and performing our duties under, the basic documents;
- filing with the SEC one or more registration statements under the Securities Act and filing such other documents necessary under applicable securities laws;
- authorizing, executing, delivering, issuing and registering the SAC bonds;
- making payments on the SAC bonds;
- pledging our interest in SAC property and other SAC bond collateral to the trustee under the indenture in order to secure the SAC bonds;
- distributing amounts released to us; and
- performing other activities that are incidental to, necessary, suitable or convenient to accomplish these purposes.

Our limited liability company agreement does not permit us to engage in any activities not directly related to these purposes, including issuing securities other than the SAC bonds, incurring indebtedness other than as contemplated by the basic documents (provided that we may incur ordinary-course obligations payable to service providers and trade creditors in connection with permitted activities) and borrowing money or making loans to other persons. The list of permitted activities set forth in our limited liability company agreement may not be altered, amended or repealed without the affirmative vote of a majority of our managers, including the affirmative vote of each independent manager.

Our Relationship with APCo

On the date of issuance of the SAC bonds, APCo will sell the SAC property to us pursuant to the sale agreement between us and APCo. Pursuant to the servicing agreement between us and APCo, APCo will serve as the initial servicer of the SAC property. We will pay APCo fixed fees for performing these services. Pursuant to an administration agreement between us and APCo, APCo will provide administrative services to us, for which we will also pay APCo a fixed fee for performing these services.

Our Managers

Pursuant to our limited liability company agreement, our affairs will be managed by managers, whom we refer to in this prospectus as our "**managers**." APCo will appoint our managers from time to time or, in the event APCo transfers its interest in us, the new owner or owners will appoint our managers. Prior to the issuance of the SAC bonds, and thereafter at all times until the SAC bonds are paid in full we will have at least two independent managers, each of whom, among other things, is not and has not been for at least five years prior to the date of his or her appointment:

- a member, partner, equity holder, manager, director, officer or employee of us, APCo or any of our APCo's affiliates (other than as an independent director, independent manager or special member of us or an affiliate of ours that is not in our direct chain of ownership and that is required by a creditor to be a single purpose bankruptcy remote entity);
- a creditor, supplier or service provider (including provider of professional services) to us, APCo or any of their respective equity holders or affiliates, other than a nationally recognized company that routinely provides professional independent managers or independent directors and other corporate services to us, APCo or any of its affiliates in the ordinary course of its business,
- a family member of any member, partner, equity holder, manager, director, officer, employee, creditor, supplier or service provider, or

- a person who controls (whether directly, indirectly or otherwise) APCo or its affiliates or any member, partner, equity holder, manager, officer, employee, director, creditor, supplier or service provider described above;

except that the indirect or beneficial ownership of stock of APCo or its affiliates through a mutual fund or similar diversified investment vehicle with respect to which APCo does not have discretion or control over the investments held by such diversified investment vehicle shall not preclude such owner from being an independent manager.

The independent managers will also (a) have prior experience as an independent director, independent manager or independent member; (b) be employed by a nationally-recognized company that provides professional independent managers and other corporate services in the ordinary course of business; and (c) be duly appointed as an independent manager. The managers (other than the independent managers) will be employees or officers of APCo or AEP. The managers will devote the time necessary to conduct our affairs.

Prior to the issuance of the SAC bonds, APCo, as our sole member, will appoint at least two independent managers.

None of our managers has been involved in any legal proceedings which are specified in Item 401(f) of the SEC's Regulation S-K.

The following is a list of our managers as of the date of this prospectus:

Name	Age	Background
Matthew D. Fransen	49	Manager of the issuing entity. Vice president and treasurer of Appalachian Power Company, treasurer of AEP and senior vice president-treasury and finance of the Service Corporation since December 1, 2024. Joined the Service Corporation in January 2002 and was appointed as director-strategic initiatives in 2010, appointed managing director-strategic initiatives in 2013, became vice president-renewables in February 2016 and vice president-regulated infrastructure development in June 2021. Treasurer of certain other AEP System companies.

Manager Fees and Limitation on Liabilities

As of the date of this prospectus, we have not paid any compensation to any manager since the date we were formed. We will not compensate our managers, other than our independent manager, for their services performed on our behalf. The independent manager will be paid a manager's fee from our assets.

Our limited liability company agreement provides that to the extent permitted by law, our managers will not be liable for our debts, obligations or liabilities.

Under our limited liability company agreement, we indemnify our managers to the fullest extent permitted by law against expenses incurred by them in connection with an action, suit or proceeding if they acted in good faith and in a manner in which they reasonably believed to be in or not opposed to our best interests, except for such judgments, penalties, fines or other expenses that were directly caused by their fraud, gross negligence, willful misconduct, or in the case of an independent manager, bad faith.

We Are a Separate and Distinct Legal Entity from APCo

Under our limited liability company agreement, we may not file a voluntary petition for relief under the Bankruptcy Code without prior unanimous consent of our managers (including our independent managers).

APCo has agreed that it will not cause us to file a voluntary petition for relief under the Bankruptcy Code. Our limited liability company agreement requires us, except for financing reporting purposes and for federal and state income tax purposes, and, to the extent consistent with applicable state law, state income and franchise tax purposes, to maintain our existence separate from APCo, including:

- taking all steps necessary to continue our identity as a separate legal entity;
- making it apparent to third persons that we are an entity with assets and liabilities distinct from those of APCo, other affiliates of APCo, or any other person; and
- making it apparent to third persons that, except for federal and certain other tax purposes, we are not a division of APCo or any of its affiliates or any other person.

Our principal place of business is 1051 E Cary St., Suite 1100, Richmond, VA 23219 and our telephone number at such address is (614) 716-1519.

Administration Agreement

APCo will, pursuant to an administration agreement between APCo and us, provide administrative services to us, including services relating to the preparation of financial statements, required filings with the SEC, any tax returns we might be required to file under applicable law, qualifications to do business, and minutes of our managers' meetings. We will pay APCo a fixed fee of $100,000 per annum, payable by us in semi-annual installments of $50,000, which shall be prorated based on the fraction of a calendar year during which APCo provides any of the services set forth in the administration agreement, plus we will reimburse APCo for all costs and expenses for services performed by unaffiliated third parties and actually incurred by APCo in performing such services described above.

Intercreditor Agreement and Joinder

APCo is a party to the APCo Receivables Purchase Agreement, under which APCo sells a portion of its accounts receivable to AEP Credit, an APCo affiliate, which in turn sells percentage interests in such receivables to financial institutions pursuant to the AEP Receivables Purchase Agreement. APCo has been appointed under the terms of the APCo Receivables Agency Agreement as an agent for AEP Credit and the Receivables Agent for purposes of collecting and servicing the APCo receivables sold under this arrangement. Although the SAC charges are not subject to such receivable financial arrangement, the SAC charges and accounts receivable are collected from some of the same customers of APCo and are expected to be collected for the foreseeable future under a single bill sent to those customers. The Receivables Agent for such receivables financing arrangement will, prior to the issuance of the SAC bonds, execute a joinder to the intercreditor agreement with AEP Credit, APCo, us and the trustee. The intercreditor agreement (as supplemented by such joinder) will, among other things, provide that (a) the SAC charges are excluded from the assets sold under the receivables financing arrangement; (b) in the event the accounts receivable investors have the right to replace APCo as collection agent upon the occurrence of certain events, such investors will not replace APCo without the consent of the trustee (acting at the written direction of the holders of a majority in principal amount of the SAC bonds); and (c) in the event that the trustee (acting at the written direction of the holders of a majority in principal amount of the SAC bonds), has the right to replace APCo as servicer under the servicing agreement, the trustee (acting at the written direction of the holders of a majority in principal amount of the SAC bonds) will not replace APCo without the consent of the Receivables Agent for the accounts receivable investors.

If APCo becomes a party to another future trade receivables purchase and sale arrangement or similar arrangement under which it sells all or any portion of its accounts receivables, or if APCo hereafter causes SAC property or other similar property to be created under a separate financing order and acts as servicer for such SAC property, or similar property, consisting of nonbypassable charges payable by APCo's customers comparable to those sold by the seller pursuant to the sale agreement, in connection with a separate issuance of

bonds, APCo and the other parties to such arrangement shall enter into a joinder or amendment to the intercreditor agreement or into a separate intercreditor agreement in connection therewith, and the terms of the documentation evidencing such trade receivables purchase and sale arrangement or similar arrangement shall expressly exclude the SAC charges from any receivables or other assets pledged or sold under such arrangement and the rating agency condition shall be satisfied. Please read "Risk Factors—Servicing Risks—If we have to replace APCo as the servicer, we may experience difficulties finding and using a replacement servicer" in this prospectus.

THE SAC CHARGES

APCo will be the initial servicer of the SAC bonds. Beginning on the first day of the first billing cycle for APCo that begins after the date we issue the SAC bonds (which issuance date shall not occur prior to the third business day after pricing of the SAC bonds), the initial SAC charges will be imposed on APCo's Virginia Commission-jurisdictional area retail customers in each SAC charge customer class at the applicable rate for the class determined pursuant to the financing order. These SAC charges may be adjusted annually, or more frequently under certain circumstances, by the servicer in accordance with its filings with the Virginia Commission. Please read "APCo's Financing Order" in this prospectus.

Under the Securitization Law and Section 56-577 A 6 of the Code of Virginia, partially exempt customers are exempt from the portion of the SAC charges representing the undepreciated Amos and Mountaineer plant balances. Because the partially exempt customers do not currently pay APCo's generation charges, they are not included in the customer base to which the plant-balance portion of the SAC charges is allocated, but they do remain subject to the portion of the SAC charges attributable to storm restoration costs and upfront financing costs. As of December 31, 2025, there were 7 total partially exempt customers, representing approximately 0.05% of total revenue and 2.37% of total kilowatt-hours of APCo during that same period. Section 56-577 A 6 of the Code of Virginia applies only to customers that took such action as of February 1, 2019, and accordingly the number of partially exempt customers is fixed and cannot increase. The number of partially exempt customers may decrease over time and, if any current partially exempt customer becomes subject to APCo's generation charges by purchasing electricity supplied by APCo, then such customer will no longer be a partially exempt customer and will be subject to the full SAC charges.

DESCRIPTION OF THE SAC BONDS

General

We have summarized selected provisions of the indenture and the SAC bonds below. This summary is subject to the terms and provisions of the indenture and the series supplement for the SAC bonds, forms of which we have filed with the SEC as an exhibit to the registration statement of which this prospectus forms a part. You should carefully read the summary below and the terms and provisions of the indenture that may be important to you before investing in the SAC bonds. Please read "Where You Can Find More Information" in this prospectus.

The SAC bonds are not a debt or general obligation of the Commonwealth of Virginia, the Virginia Commission or of any other political subdivision, agency or instrumentality of the Commonwealth of Virginia and do not represent an interest in or legal obligation of AEP, APCo or any of their affiliates, other than us. None of AEP, APCo or any of their affiliates will guarantee or insure the SAC bonds. The financing order authorizing the issuance of the SAC bonds does not constitute a pledge of the full faith and credit or the taxing power of the Commonwealth of Virginia. The issuance of the SAC bonds under the Securitization Law will not directly, indirectly or contingently obligate the Commonwealth of Virginia, the Virginia Commission or any other political subdivision of the Commonwealth of Virginia to levy or to pledge any form of taxation for the SAC bonds or to make any appropriation for their payment.

We will issue the SAC bonds and secure their payment under an indenture that we will enter into with the trustee. We will issue the SAC bonds in a minimum denomination of $100,000 and in integral multiples of $1,000 in excess thereof, except that we may issue one bond of each tranche in a smaller denomination. The initial principal amount, scheduled final payment date, final maturity date and interest rate for the SAC bonds are stated in the table below. In no event shall the scheduled final payment date for the SAC bonds exceed approximately 20 years from the date of issuance of the SAC bonds. The final maturity date of each tranche is longer than the scheduled final payment date of each tranche of SAC bonds.

Tranche	Expected Weighted Average Life (Years)	Principal Amount Offered*	Scheduled Final Payment Date	Final Maturity Date	Interest Rate
A-1		$			%
A-2		$			%
A-3		$			%
A-4		$			%

* Principal amount is approximate and subject to change.

The scheduled final payment date for each tranche of the SAC bonds is the date when the outstanding principal balance of that tranche will be reduced to zero if we make payments according to the expected sinking fund schedule for that tranche. The final maturity date for each tranche of the SAC bonds is the date when we are required to pay the entire remaining unpaid principal balance, if any, of all outstanding SAC bonds of that tranche. The failure to pay principal of any tranche of the SAC bonds by the final maturity date for that tranche is an event of default for the SAC bonds, but the failure to pay principal of any tranche of the SAC bonds by the respective scheduled final payment date will not be an event of default. Please read "Description of the SAC Bonds—Payments of Interest and Principal on the SAC Bonds" and "What Constitutes an Event of Default on the SAC Bonds" in this prospectus.

Payments of Interest and Principal on the SAC Bonds

Interest on each tranche of the SAC bonds will accrue on the principal balance of that tranche of SAC bonds at the interest rate indicated on the cover of this prospectus and in the table above on page 70. Beginning , 20 , we will make payments on the SAC bonds semi-annually on and of each year,

or, if that day is not a business day, the following business day (each, a "**payment date**"). Interest payments on the SAC bonds will be made from collections of the SAC charges, including amounts available in the excess funds subaccount and, if necessary, the amounts available in the capital subaccount.

On each payment date, we will pay interest on each tranche of the SAC bonds equal to the following amounts:

- any interest payable but unpaid on any prior payment date, together with interest on such unpaid interest, if any; and
- accrued interest on the principal balance of each tranche of the SAC bonds from the close of business on the preceding payment date (or with respect to the initial payment date, the date of the original issuance of the SAC bonds) after giving effect to all payments of principal made on the preceding payment date, if any.

We will pay interest on the SAC bonds before we pay principal on the SAC bonds.

The failure to pay accrued interest on the SAC bonds on any payment date (even if the failure is caused by a shortfall in SAC charges received) will result in an event of default of SAC bonds unless such failure is cured within five business days. If interest is not paid within that five-day period, we will pay such defaulted interest (plus interest on such defaulted interest at the applicable interest rate to the extent lawful) to the persons who are SAC bondholders on a special record date (as defined in the indenture). The special record date will be at least fifteen business days prior to the date on which the trustee is to make a special payment (a special payment date). We will fix any special record date and special payment date and, at least ten days before such special record date, we will send (or make available electronically) to each affected SAC bondholder a notice that states the special record date, the special payment date and the amount of defaulted interest (plus interest on such defaulted interest) to be paid. An event of default under any tranche of the SAC bonds will automatically trigger an event of default under the SAC bonds. See "What Constitutes an Event of Default on the SAC Bonds" below.

On any payment date with respect to any tranche of the SAC bonds, we generally will pay principal of a particular tranche of the SAC bonds only until the outstanding principal balance has been reduced to the principal balance specified for that payment date in the expected amortization schedule, but only to the extent funds are available. Accordingly, principal of the SAC bonds may be paid later, but not sooner, than reflected in the expected sinking fund schedule except in the case of an acceleration. Please read "Risk Factors—Other Risks Associated with an Investment in the SAC Bonds" and "Weighted Average Life and Yield Considerations for the SAC Bonds" in this prospectus.

The trustee will retain in the excess funds subaccount for payment on later payment dates any collections of SAC charges in excess of amounts payable as:

- fees, expenses and indemnities of the servicer (including the servicing fee), the independent manager and the trustee;
- payments of interest and principal in accordance with the expected sinking fund schedule on the SAC bonds;
- allocations to the capital subaccount; and
- investment earnings on amounts in the capital subaccount released to us.

If the trustee receives insufficient collections of SAC charges for the SAC bonds for any payment date, and amounts in the collection account (and the applicable subaccounts of the collection account) are not sufficient to make up the shortfall, principal of any tranche of the SAC bonds may be paid later than expected, as described in this prospectus. The failure to make a scheduled payment of principal on a tranche of the SAC bonds because there are not sufficient funds in the collection account does not constitute a default or an event of default under

the indenture, except for the failure to make the payment of principal due upon the final maturity of that tranche of SAC bonds.

The trustee will pay on each payment date to the SAC bondholders to the extent of available funds in the collection account, all payments of principal and interest then due on such SAC bonds (other than special payments as defined in the indenture). The trustee will make each such payment to the SAC bondholders, other than the final payment, on the applicable payment date. If the SAC bonds are ever issued in definitive certificated form, however, the final payment with respect to the SAC bonds will be made only upon presentation and surrender of such SAC bond at the office or agency of the trustee specified in the notice given by the trustee with respect to such final payment. The trustee will provide notice of the final payment to the SAC bondholders no later than five days prior to the final payment date, specifying that such final payment will be payable only upon presentation and surrender of such SAC bond and the place where such SAC bond may be presented and surrendered for payment.

The SAC bonds will originally be issued in book-entry form, and we do not expect that the SAC bonds will be issued in definitive certificated form. At the time, if any, we issue the SAC bonds in the form of definitive SAC bonds and not to The Depository Trust Company ("**DTC**") or its nominee, the trustee will make payments as described below under "Definitive Certificated SAC Bonds."

On each payment date, the amount to be paid as principal on a tranche of SAC bonds will equal without duplication:

- the unpaid principal amount due on any SAC bonds whose final maturity date is on that payment date, plus;
- the unpaid principal amount of SAC bonds due upon acceleration following an event of default, plus;
- the unpaid and previously scheduled payments of principal of any tranche of SAC bonds, plus;
- the principal scheduled to be paid on the SAC bonds on that payment date;

but only to the extent funds are available in the collection account (including all applicable subaccounts) after payment of certain of our fees and expenses and after payment of interest as described in the section above.

However, we will not pay principal of a tranche of the SAC bonds on any payment date if making the payment would reduce the principal balance of such tranche to an amount lower than the amount specified in the expected amortization schedule for such tranche on that payment date. Any excess funds remaining in the collection account after payment of principal, interest, applicable fees and expenses and payments to the applicable subaccounts of the collection account will be retained in the excess funds subaccount until applied on a subsequent payment date.

The entire unpaid principal amount of each tranche of the SAC bonds will be due and payable:

- on the final maturity date of that tranche; and
- if an event of default under the indenture occurs and is continuing and the trustee or the holders of a majority in principal amount of the SAC bonds have declared the SAC bonds to be immediately due and payable.

If there is a shortfall in the amounts available to make principal payments on a tranche of the SAC bonds that are due and payable at that tranche's final maturity date or upon an acceleration following an event of default under the indenture, the trustee will distribute principal from the collection account pro rata to each tranche of the SAC bonds based on the principal amount of each tranche then due and payable on the payment date; and if there is a shortfall in the remaining amounts available to make principal payments on the SAC bonds that are scheduled to be paid, and if more than one tranche is scheduled to be paid on such payment date, the trustee will distribute principal from the collection account sequentially in the numerical order of such tranches.

However, the nature of our business will result in payment of principal upon an acceleration of the SAC bonds being made only as funds become available. Please read "Risk Factors—Risks Associated with the Unusual Nature of the SAC Property" and "—You may experience material payment delays or incur a loss on your investment in the SAC bonds because the source of funds for payment is limited" in this prospectus.

If any special payment date or other date specified herein for distribution of any payments to SAC bondholders is not a business day, payments scheduled to be made on such special payment date or other date may be made on the next succeeding business day, and no interest will accrue upon such payment during the intervening period. "Business day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Richmond, Virginia, New York, New York or Columbus, Ohio, are, or DTC or the corporate trust office of the trustee is, required or authorized by law or executive order to remain closed.

Neither we nor APCo makes any representation or warranty that any amounts actually collected arising from SAC charges will in fact be sufficient to meet payment obligations on the SAC bonds or that assumptions made in calculating SAC charges will in fact be realized.

The expected amortization schedule below sets forth the principal balance that is scheduled to remain outstanding on each payment date for each tranche of the SAC bonds from the issuance date to the scheduled final payment date for that tranche. Similarly, the expected sinking fund schedule below sets forth the corresponding principal payment that is scheduled to be made on each payment date for each tranche of the SAC bonds from the issuance date to the scheduled final payment date for that tranche. In establishing these schedules, we have made the assumptions specified in the bullet points under the weighted average life sensitivity table below under "Weighted Average Life and Yield Considerations for the SAC Bonds," among other assumptions.

Expected Amortization Schedule

Outstanding Principal Balance Per Tranche	Payment Date	Tranche A-1	Tranche A-2	Tranche A-3	Tranche A-4
Initial Principal Amount		$	$	$	$

On each payment date, the trustee will make principal payments to the extent the principal balance of each tranche of the SAC bonds exceeds the amount indicated for that payment date in the table above and to the extent of funds available in the collection account after payment of certain of our fees and expenses and after payment of interest. If sufficient funds are available on each payment date, principal payments for each tranche of the SAC bonds will be in the amounts indicated for each payment date in the expected sinking fund schedule below plus any previously scheduled but unpaid principal.

Expected Sinking Fund Schedule

Payment Date	Tranche A-1	Tranche A-2	Tranche A-3	Tranche A-4
	$	$	$	$
Total Payments				

We cannot assure you that principal payments will be made or that the principal balance of the SAC bonds will be reduced by the amounts indicated in the schedules above. Principal payments and the actual reduction in

the principal balance of a tranche of the SAC bonds may occur more slowly. Principal payments and the actual reduction in the principal balance of a tranche of the SAC bonds will not occur more quickly than indicated in the above schedules, except that the total outstanding principal balance of and interest accrued on the SAC bonds may be accelerated upon an event of default under the indenture. The SAC bonds will not be in default if principal is not paid as specified in the schedules above unless the principal of any tranche of the SAC bonds is not paid in full on or before the final maturity date of that tranche.

Redemption of the SAC Bonds

There are no redemption rights associated with the SAC bonds.

SAC Bonds Will Be Issued in Book-Entry Form

The SAC bonds will be available to investors only in the form of book-entry SAC bonds. You may hold your bonds through DTC in the United States, Clearstream, or Euroclear in Europe. You may hold the SAC bonds directly with one of these systems if you are a participant in the system or indirectly through organizations that are participants.

The Role of DTC, Clearstream and Euroclear. Cede & Co., as nominee for DTC, will hold the global bond or bonds representing the SAC bonds. Clearstream and Euroclear will hold omnibus positions on behalf of the Clearstream customers and Euroclear participants, respectively, through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositaries. These depositaries will, in turn, hold these positions in customers' securities accounts in the depositaries' names on the books of DTC.

The Function of DTC. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). The DTC Rules applicable to its participants are on file with the SEC. More information about DTC can be found at www.dtcc.com and www.dtc.org. The contents of such websites do not constitute a part of the registration statement of which this prospectus forms a part.

The Function of Clearstream. Clearstream is incorporated under the laws of Luxembourg. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream customers through electronic book-entry changes in accounts of Clearstream customers, thereby eliminating the need for physical movement of securities. Transactions may be settled by Clearstream in any of various currencies, including United States dollars. Clearstream provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream also deals with domestic securities markets in various countries

through established depositary and custodial relationships. Clearstream is registered as a bank in Luxembourg and therefore is subject to regulation by the Luxembourg Commission de Surveillance du Secteur Financier, which supervises Luxembourg banks. Clearstream's customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations, among others, and may include the underwriters of the SAC bonds. Clearstream's U.S. customers are limited to securities brokers and dealers and banks. Clearstream has customers located in various countries. Indirect access to Clearstream is also available to other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream. Clearstream has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream and Euroclear.

The Function of Euroclear. The Euroclear System was created in 1968 in Brussels. Euroclear holds securities and book-entry interests in securities for Euroclear participants and facilitates the clearance and settlement of securities transactions between Euroclear participants, and between Euroclear participants and participants of certain other securities intermediaries through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of securities and any risk from lack of simultaneous transfers of securities and cash. Such transactions may be settled in any of various currencies, including United States dollars. Euroclear includes various other services, including, among other things, safekeeping, administration, clearance and settlement, securities lending and borrowing and interfaces with domestic markets in several countries generally similar to the arrangements for cross-market transfers with DTC described below. Euroclear is operated by Euroclear Bank SA/NV. Euroclear participants include central banks and other banks, securities brokers and dealers and other professional financial intermediaries and may include the underwriters of the SAC bonds. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Terms and Conditions of Euroclear. Securities clearance accounts and cash accounts with Euroclear are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of Euroclear, and applicable Belgian law (collectively, the "**Terms and Conditions**"). These Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific securities to specific securities clearance accounts. Euroclear acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

The Rules for Transfers Among DTC, Clearstream or Euroclear Participants. Transfers between DTC participants will occur in accordance with DTC rules. Transfers between Clearstream customers or Euroclear participants will occur in the ordinary way in accordance with their applicable rules and operating procedures and will be settled using procedures applicable to conventional securities held in registered form.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected through DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its depositary; however, those cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in that system in accordance with its rules and procedures and within its established deadlines, which will be based on European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depositary to take action to effect final settlement on its behalf by delivering or receiving SAC bonds in DTC and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to Clearstream's and Euroclear's depositaries.

Because of time-zone differences, credits of securities in Clearstream or Euroclear as a result of a transaction with a participant will be made during the subsequent securities settlement processing, dated the

business day following the DTC settlement date, and those credits or any transactions in those securities settled during that processing will be reported to the relevant Clearstream customer or Euroclear participant on that business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

DTC Will Be the Holder of the SAC Bonds. SAC bondholders that are not Direct Participants or Indirect Participants but desire to purchase, sell or otherwise transfer ownership of, or other interest in, SAC bonds may do so only through Direct Participants and Indirect Participants. In addition, SAC bondholders will receive all distributions of principal of and interest on the SAC bonds from the trustee through the participants, who in turn will receive them from DTC. Under a book-entry format, SAC bondholders may experience some delay in their receipt of payments because payments will be remitted by the trustee to Cede & Co., as nominee for DTC. DTC will forward those payments to its Direct Participants, who thereafter will forward them to Indirect Participants or SAC bondholders. It is anticipated that the only "bondholder" will be Cede & Co., as nominee of DTC. The trustee will not recognize SAC bondholders as bondholders, as that term is used in the indenture, and SAC bondholders will be permitted to exercise the rights of bondholders only indirectly through the participants, who in turn will exercise the rights of SAC bondholders through DTC.

Under the rules, regulations and procedures creating and affecting DTC and its operations, DTC is required to make book-entry transfers of book-entry certificates among participants on whose behalf it acts with respect to the SAC bonds and is required to receive and transmit distributions of principal and interest on the SAC bonds. Direct Participants and Indirect Participants with whom SAC bondholders have accounts with respect to the SAC bonds similarly are required to make book-entry transfers and receive and transmit those payments on behalf of their respective SAC bondholders. Accordingly, although SAC bondholders will not possess SAC bonds, SAC bondholders will receive payments and will be able to transfer their interests.

Because DTC can act only on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of a SAC bondholder to pledge SAC bonds to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of those bonds, may be limited due to the lack of a physical certificate for those SAC bonds.

DTC has advised us that it will take any action permitted to be taken by a SAC bondholder under the indenture only at the direction of one or more participants to whose account with DTC the SAC bonds are credited. Additionally, DTC has advised us that it will take those actions with respect to specified percentages of the collateral amount only at the direction of and on behalf of participants whose holdings include interests that satisfy those specified percentages. DTC may take conflicting actions with respect to other interests to the extent that those actions are taken on behalf of participants whose holdings include those interests.

Except as required by law, none of any underwriter, the servicer, APCo, the trustee, us or any other party will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the certificates held by Cede & Co., as nominee for DTC, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

How SAC Bond Payments Will Be Credited by Clearstream and Euroclear. Distributions with respect to SAC bonds held through Clearstream or Euroclear will be credited to the cash accounts of Clearstream customers or Euroclear participants in accordance with the relevant system's rules and procedures, to the extent received by its depositary. Those distributions will be subject to tax reporting in accordance with relevant U.S. tax laws and regulations. Please read "Material U.S. Federal Income Tax Consequences" in this prospectus. Clearstream or the Euroclear operator, as the case may be, will take any other action permitted to be taken by a SAC bondholder under the indenture on behalf of a Clearstream customer or Euroclear participant only in accordance with its relevant rules and procedures and subject to its depositary's ability to effect those actions on its behalf through DTC.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the SAC bonds among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform those procedures, and those procedures may be discontinued at any time.

Definitive Certificated SAC Bonds

The Circumstances That Will Result in the Issuance of Definitive Certificated SAC Bonds. The SAC bonds will be issued in fully registered, certificated form to beneficial owners of SAC bonds or other intermediaries, rather than to DTC or its nominee, only under the circumstances provided in the indenture, which includes any event where:

- we advise the trustee in writing that DTC is no longer willing or able to properly discharge its responsibilities under any letter of representation executed by us in favor of DTC, and we are unable to locate a qualified successor,
- we, at our option, advise the trustee in writing that we elect to terminate the book-entry system through DTC, or
- after the occurrence of an event of default under the indenture, SAC bondholders representing at least a majority of the outstanding principal balance of the SAC bonds maintained in book-entry form advise us, the trustee and DTC through the financial intermediaries and the DTC participants in writing that the continuation of a book-entry system through DTC, or a successor to DTC, is no longer in the SAC bondholders' best interest.

The Delivery of Definitive Certificated SAC Bonds. Upon the occurrence of any event described in the immediately preceding paragraph (unless otherwise specified), we will be required to notify DTC, the trustee, and all affected beneficial owners of SAC bonds in writing of the occurrence of the event and of the availability through DTC of definitive certificated SAC bonds to such owners of SAC bonds. Upon surrender by DTC to the trustee of the global bond or bonds in the possession of DTC that had represented the applicable SAC bonds and receipt of instructions for re-registration, the trustee will authenticate and deliver definitive certificated SAC bonds to the beneficial owners, and the trustee will recognize the holders of the definitive certificate SAC bonds as bondholders under the indenture.

The Payment Mechanism for Definitive Certificated SAC Bonds. Payments of principal of, and interest on, definitive certificated SAC bonds will be made by the trustee, as paying agent, in accordance with the procedures set forth in the indenture. These payments will be made directly to holders of definitive certificated SAC bonds in whose names the definitive certificated SAC bonds were registered at the close of business on the related record date. The trustee will make the final payment of the SAC bonds, however, only upon presentation and surrender of the SAC bonds at the office or agency of the trustee specified in the notice given by the trustee of the final payment. The trustee will provide notice of the final payment to the SAC bondholders no later than five days prior to the final payment date, specifying the date set for the final payment and the amount of the payment.

The Transfer or Exchange of Definitive Certificated SAC Bonds. Definitive certificated SAC bonds will be transferable and exchangeable at the offices of the transfer agent and registrar, which will initially be U.S. Bank Trust Company, National Association. No service charge will be imposed for any registration of transfer or exchange, but we and the transfer agent and registrar may require payment of a sum sufficient to cover any tax or other governmental charge imposed in connection with the transfer or exchange.

Registration and Transfer of the SAC Bonds

We will only issue the SAC bonds in definitive form under limited circumstances as described above, which will be transferable and exchangeable as described above under "Definitive Certificated SAC Bonds." There will be no service charge for any registration or transfer of the SAC bonds, but the trustee may require the owner to pay a sum sufficient to cover any tax or other governmental charge.

We will issue the SAC bonds in the minimum initial denominations and integral multiples set forth in this prospectus.

The trustee will make payments of interest and principal on each payment date to the SAC bondholders in whose names the SAC bonds were registered on the applicable record date.

The Security for the SAC Bonds

To secure the payment of principal, premium, if any, and interest on, and any other amounts owed in respect of, the SAC bonds pursuant to the indenture, we will grant to the trustee for the benefit of the SAC bondholders a security interest in all of our right, title and interest, whether now owned or later acquired, in and to the following collateral, which collectively constitutes the SAC bond collateral under the indenture:

- the SAC property;
- the SAC charges related to the SAC property;
- our rights under the sale agreement and the bill of sale delivered by APCo pursuant to the sale agreement;
- our rights under the servicing agreement, the intercreditor agreement and joinder, the administration agreement and any subservicing, agency, other intercreditor, administration or collection agreements executed in connection with the servicing agreement, the intercreditor agreement and joinder or the administration agreement;
- our rights in the collection account and all subaccounts of the collection account, including the general subaccount, the capital subaccount and the excess funds subaccount and all cash, instruments, investment property or other assets on deposit therein or credited thereto from time to time and all financial assets and securities entitlements carried therein or credited thereto;
- all rights to compel the servicer to file for and obtain periodic adjustments to the SAC charges or customer classes in accordance with the Securitization Law, the financing order, the applicable true-up adjustment letters, the non-standard true-up adjustment rider (if applicable) and the securitization financing rider and any securitization financing rider adjustments filed in connection therewith;
- all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing;
- all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters-of-credit rights, money, commercial tort claims and supporting obligations related to the foregoing; and
- all payments on or under, and all proceeds in respect of, any or all of the foregoing.

The security interest does not extend to:

- return on invested capital on deposit with us that are required to be returned to APCo pursuant to the indenture;
- cash that has been released pursuant to the terms of the indenture;
- amounts deposited with us for payment of costs of issuance with respect to the SAC bonds (together with any interest earnings thereon); and
- proceeds from the sale of the SAC bonds that are required to pay (a) the purchase price for the SAC property and paid pursuant to the sale agreement or (b) the costs of the issuance of the SAC bonds.

The Securitization Law provides that a valid and enforceable security interest in SAC property will attach and be perfected by the means set forth in § 56-249.8 E 2 of the Securitization Law. Specifically, § 56-249.8 E 2 b

of the Securitization Law provides that a security interest in SAC property shall be created and enforceable when all of the following have occurred: (a) a financing order is issued; (b) value is received by the debtor or seller for such SAC property; (c) the debtor or seller has rights in such SAC property or the power to transfer rights in such SAC property; and (d) a security agreement granting such security interest is executed and delivered by the debtor or seller, the description of which shall be sufficient if the description refers to this section and the financing order creating the SAC property. Furthermore, § 56-249.8 E 2 c of the Securitization Law also provides that a security interest in SAC property shall attach without any physical delivery of collateral or other act and, upon the filing of a financing statement with the Virginia Commission, the lien of the security interest shall be valid, binding, and perfected against all parties having claims of any kind in tort, contract, or otherwise against the person granting the security interest, regardless of whether the parties have notice of the lien.

Upon perfection of a security interest by the filing of a financing statement under § 56-249.8 E 2 d of the Securitization Law, the Virginia Commission shall maintain such financing statement in the same manner that the Virginia Commission maintains financing statements filed by transmitting utilities under the Virginia Uniform Commercial Code.

The Collection Account for the SAC Bonds

Under the indenture, we will establish a segregated trust account in the name of the trustee with the securities intermediary or at another eligible institution, for the SAC bonds (such account referred to herein as the "**collection account**"). The collection account will be under the sole dominion and exclusive control of the trustee. Funds received from collections of the applicable SAC charges will be deposited into the collection account. The collection account for the SAC bonds will be divided into the following subaccounts, which need not be separate bank accounts:

- the general subaccount;
- the capital subaccount; and
- the excess funds subaccount.

For administrative purposes, the subaccounts may be established by the trustee and the securities intermediary as separate accounts that will be recognized individually as subaccounts and collectively as the collection account. Unless otherwise provided in the indenture, amounts in the collection account for the SAC bonds not allocated to any other subaccount by the servicer will be allocated to the general subaccount. Unless the context indicates otherwise, references in this prospectus to the collection account for the SAC bonds include all of the subaccounts contained therein. All monies deposited from time to time in the collection account, all deposits therein pursuant to the indenture, and all investments made in eligible investments with these monies will be held by the trustee in the collection account as part of the collateral. The following institutions are "eligible institutions" for the establishment of the collection account:

- the corporate trust department of the trustee or an affiliate thereof, so long as the trustee or such affiliate have (a) either a short-term deposit or issuer rating from Moody's of at least "P-1" or a long-term unsecured debt or issuer rating from Moody's of at least "A2"; and (b) a short-term deposit or issuer rating from S&P of at least "A-1" or a long-term unsecured debt or issuer rating from S&P of at least "A"; or
- a depository institution organized under the laws of the United States of America or any state (or any domestic branch of a foreign bank) (a) that has either (i) a long-term unsecured debt or issuer rating of "AA-" or higher by S&P and "A2" or higher by Moody's, or (ii) a short-term (bank deposit) or issuer rating of "A-1" or higher by S&P and "P-1" or higher by Moody's; and (b) whose deposits are insured by the Federal Deposit Insurance Corporation;

provided, however, that if an eligible institution then being utilized for any purposes under the indenture or the series supplement no longer meets the definition of eligible institution, then the issuing entity shall replace

such eligible institution within 60 days of such eligible institution no longer meeting the definition of eligible institution.

Appropriate Investments for Funds in the Collection Account. So long as no default or event of default has occurred and is continuing, all or a portion of the funds in the collection account for the SAC bonds must be invested by the trustee (in accordance with the written direction of the servicer) in any of the follow each of which is referred to as an eligible investment:

1. direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America;
2. demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, or bankers' acceptances issued by, any depository institution (including, the trustee or any of its affiliates, acting in its commercial capacity) incorporated or organized under the laws of the United States of America or any state thereof, and subject to supervision and examination by U.S. federal or state banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" or their equivalents by each of S&P and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the SAC bonds;
3. commercial paper (including commercial paper of the trustee or any of its affiliates, acting in its commercial capacity, and other commercial paper issued by APCo or any of its affiliates), having, at the time of investment or contractual commitment to invest, a rating of at least "A-1" and "P-1" or their equivalents by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the SAC bonds;
4. investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the trustee or any of its affiliates is investment manager or advisor) from Moody's and S&P;
5. repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or its agencies or instrumentalities, entered into with eligible institutions (as described above);
6. repurchase obligations with respect to any security or whole loan entered into with an eligible institution or with a registered broker/dealer acting as principal and that meets certain ratings criteria: (a) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act, the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of entering into such repurchase obligation; or (b) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; or
7. any other investment permitted by each of the rating agencies.

Notwithstanding the foregoing: (a) no securities or investments that mature in 30 days or more will be eligible investments unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's; (b) no securities or investments described in clauses "2." through "4." above which have maturities of more than 30 days but less than or equal to three months will be eligible investments unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; (c) no securities or investments described in clauses "2." through "4." above which have maturities of more than three months will be eligible investments unless the issuing entity thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; (d) no

securities or investments described in clauses "2." through "4." above which have a maturity of 60 days or less will be eligible investments unless such securities have a rating from S&P of at least "A-1"; and (e) no securities or investments described in clauses "2." through "4." above which have a maturity of 365 days or less will be eligible investments unless such securities have a rating from S&P of at least "AA-", "A-1+" or "AAAm".

Remittances to the Collection Account. On each remittance date, the servicer will remit all SAC charges estimated to have been collected, any indemnity amounts and any other proceeds of the SAC bond collateral securing the SAC bonds to the trustee for deposit in the collection account. Indemnity amount means any amount paid by the servicer or APCo to the trustee, for the trustee or on behalf of the SAC bondholders, in respect of indemnification obligations pursuant to the servicing agreement or the sale agreement. Please read "The Servicing Agreement" and "The Sale Agreement" in this prospectus. To the extent that the combined amounts remitted by a APCo customer are insufficient to satisfy amounts owed in respect of SAC charges relating to the SAC bonds or any other bonds being serviced by the servicer or for electricity service (other than late fees), the remitted amounts will be allocated pro rata among such SAC charges and electricity charges. Please read "The Servicing Agreement —Remittances to Collection Account" in this prospectus.

General Subaccount. Collected SAC charges and any indemnity amounts remitted to the trustee will be deposited into the general subaccount. On each payment date, the trustee will allocate amounts in the general subaccount among the other subaccounts as described under "How Funds in the Collection Account Will Be Allocated." Amounts in the general subaccount will be invested in the eligible investments described above in accordance with the written direction of the servicer.

Capital Subaccount. Upon the issuance of the SAC bonds, APCo will make a capital contribution to us in an amount equal to 0.50% of the initial principal amount of the SAC bonds, and such payment shall not come from the proceeds of the sale of the SAC bonds. We will pay this amount to the trustee for deposit into the capital subaccount which will be invested in eligible investments by the trustee in accordance with the written direction of the servicer. The trustee will draw on amounts in the capital subaccount to the extent that, in allocating funds in accordance with clauses 1 through 9 in "How Funds in the Collection Account Will Be Allocated," below, amounts on deposit in the general subaccount and, the excess funds subaccount are insufficient to make scheduled payments on the SAC bonds and payments of fees and expenses specified in clauses 1 through 9. The trustee will allocate collected SAC charges available on any payment date that are not necessary to pay amounts described in clauses 1 through 9 in "How Funds in the Collection Account Will Be Allocated," below, to the capital subaccount in an amount sufficient to replenish any amounts drawn from the capital subaccount (other than distributed investment earnings on the capital subaccount) and any shortfall of investment earnings on the capital subaccount. On each payment date, any excess investment earnings on the capital subaccount above the allowed rate of return shall be allocated to the excess funds subaccount.

Excess Funds Subaccount. The trustee will allocate collected SAC charges available on any payment date that are not necessary to pay clauses 1 through 11 in "How Funds in the Collection Account Will Be Allocated," below, to the excess funds subaccount. The trustee will invest amounts in the excess funds subaccount in eligible investments in accordance with the written direction of the servicer. On each payment date, the trustee will draw on the excess funds subaccount in allocating funds in accordance with clauses 1 through 11 in "How Funds in the Collection Account Will Be Allocated," below, to the extent that amounts on deposit in the general subaccount are insufficient to make scheduled payments on the SAC bonds and payments of fees and expenses specified in clauses 1 through 11.

How Funds in the Collection Account Will Be Allocated

Amounts remitted by the servicer to the trustee with respect to the SAC bonds, including any amounts received by us relating to the indemnification obligations payable by the seller pursuant to the sale agreement or the servicer pursuant to the servicing agreement and all investment earnings on amounts in the general subaccount of the collection account will be deposited into the general subaccount. Investment earnings on

amounts in the capital subaccount (other than excess investment earnings that are allocated to the excess funds subaccount) and the excess funds subaccount will be deposited into the capital subaccount and the excess funds subaccount, respectively.

On each payment date for the SAC bonds, the trustee shall apply all amounts on deposit in the collection account, including all investment earnings thereon, to pay the following amounts for the SAC bonds in the following priority:

1. all amounts owed by us to the trustee (including legal fees and expenses and outstanding indemnity amounts), not to exceed $200,000 in any 12-month period; provided, however, that such cap shall be disregarded and inapplicable upon the acceleration of the SAC bonds following the occurrence of an event of default;
2. payment of the servicing fee relating to the SAC bonds with respect to such payment date, plus any unpaid servicing fees relating to the SAC bonds from prior payment dates;
3. payment of the due and unpaid administration fees, which will be a fixed amount specified in the administration agreement between us and APCo, and the due and unpaid fees of our independent managers, which will be in an amount specified in an agreement between us and our independent managers;
4. payment of all of our other ordinary and periodic operating expenses relating to the SAC bonds for such payment date, such as accounting and audit fees, rating agency fees, legal fees and certain reimbursable costs of the servicer under the servicing agreement;
5. payment of the interest then due on the SAC bonds, including any past-due interest;
6. payment of the principal due to be paid on the SAC bonds on any final maturity date of a tranche or acceleration upon an event of default;
7. payment of the principal then scheduled to be paid on a tranche of the SAC bonds pursuant to the expected sinking fund schedule, including any previously unpaid scheduled principal;
8. payment of any unpaid fees, expenses and indemnity amounts owed to the trustee;
9. payment of any of our remaining unpaid operating expenses and any remaining amounts owed pursuant to the basic documents;
10. replenishment of the amount, if any, by which the required capital balance of the capital subaccount exceeds the amount in the capital subaccount as of such payment date;
11. the return on invested capital to APCo then due and payable;
12. allocation of the remainder, if any, to the excess funds subaccount for distribution on subsequent payment dates; and
13. after the SAC bonds have been paid in full and discharged, and all of the other foregoing amounts have been paid in full, the balance, together with all amounts in the capital subaccount and the excess funds subaccount, released to us free and clear of the lien of the indenture and series supplement.

The amount of the annual servicer's fee referred to in clause 2 above shall be 0.05% of the aggregate initial principal amount of the SAC bonds. In the event of the appointment of a successor servicer that is not an affiliate of APCo, the servicing fee shall not, unless the Virginia Commission consents, exceed 0.60% of the initial aggregate principal amount of the SAC bonds. The amount of the annual administration fee referred to in clause 3 above shall be fixed at $100,000.

Interest means, for any payment date for any tranche of the SAC bonds, the sum, without duplication, of:

- an amount equal to the interest accrued on that tranche of SAC bonds at the applicable interest rate from the prior payment date or, with respect to the first payment date, the amount of interest accrued since the issuance date;

- any unpaid interest plus, to the fullest extent permitted by law, any interest accrued on this unpaid interest; and
- if the SAC bonds have been declared due and payable, all accrued and unpaid interest thereon.

Principal means, with respect to any payment date, the sum, without duplication, of:

- the amount of principal due as a result of the occurrence and continuance of an event of default and acceleration of the SAC bonds;
- the amount of principal of a tranche due on the applicable final maturity date of that tranche;
- any unpaid and previously scheduled payments of principal of any tranche and overdue payments of principal of such tranche(s); and
- the amount of principal of any tranche scheduled to be paid on such payment date in accordance with the expected sinking fund schedule.

If on any payment date funds in the general subaccount are insufficient to make the allocations or payments contemplated by clauses 1 through 10 of the first paragraph of this subsection with respect to the SAC bonds, the trustee will draw from amounts on deposit in the following subaccounts in the following order up to the amount of the shortfall:

1. from the excess funds subaccount for allocations and payments contemplated in clauses 1 through 10, and
2. from the capital subaccount for allocations and payments contemplated by clauses 1 through 9.

How Funds in the Subaccounts Will Be Used Upon Repayment of the SAC Bonds

Upon the payment in full of all SAC bonds authorized in the financing order and the discharge of all obligations, including all financing costs and any fees, expenses and indemnity amounts due to any party, all remaining amounts in the collection account (including investment earnings) shall be released by the trustee to us for distribution to APCo. With regard to the remaining amounts in the collection account (excluding amounts in the capital subaccount and any unpaid return on invested capital due to APCo), APCo shall notify the Virginia Commission of the amount of such funds available for crediting to the benefit of customers. With regard to the amounts in the capital subaccount of the collection account, all such funds shall be released to us for distribution to, and retention by, APCo. Until such funds are returned by us to APCo, APCo may earn a rate of return on its capital investment in us equal to the authorized pre-tax weighted average cost of capital established in APCo's then most recent base rate case. Such rate of return shall be paid by us by means of periodic distributions that are funded first by the income earned through investment by the trustee in eligible investments, and second by any deficiency being collected through the true-up adjustments. Any actual earnings in excess of that rate will instead be credited to customers.

Reports to SAC Bondholders

On or before each payment date, the trustee shall make available electronically on its reporting website to each of the SAC bondholders a statement provided and prepared by the servicer. This statement will include, to the extent applicable, the following information, as well as any other information so specified in the series supplement, as to the SAC bonds with respect to that payment date or the period since the previous payment date, as applicable:

- the amount of the payment to SAC bondholders allocable to principal;
- the amount of the payment to SAC bondholders allocable to interest;
- the aggregate outstanding principal amount of the SAC bonds, before and after giving effect to any payments allocated to principal reported above;

- the difference, if any between the aggregate outstanding amount specified immediately above and the outstanding amount specified in the amortization schedule;
- any other transfers and payments to be made on such payment date, including amounts paid to the trustee and to the servicer; and
- the amounts on deposit in the capital subaccount and the excess funds subaccount, after giving effect to the foregoing payments.

Please read "The Servicing Agreement—Evidence as to Compliance" in this prospectus.

Website Disclosures

We will, to the extent permitted by and consistent with our legal obligations under applicable law, cause to be posted on a website associated with APCo, currently located at www.aep.com, periodic reports containing to the extent such information is reasonably available to us:

- the final prospectus for the SAC bonds;
- a statement reporting the balances in the collection account and in each subaccount as of all payment dates and as of the end of the year;
- the semi-annual servicer's certificate as required to be submitted pursuant to the servicing agreement;
- the monthly servicer's certificate as required to be submitted pursuant to the servicing agreement;
- the text (or a link to the website where a reader can find the text) of each filing of a true-up adjustment and the results of each such filing;
- any change in the long-term or short-term credit ratings of the servicer assigned by the rating agencies;
- any material legislative enactment or regulatory order or rule directly relevant to the SAC bonds; and
- any reports and other information that we are required to file with the SEC under the Exchange Act.

Information contained on AEP's website or that can be accessed through the website is not incorporated into and does not constitute a part of this registration statement.

We and the Trustee May Modify the Indenture

Modifications of the Indenture That Do Not Require Consent of SAC Bondholders. Without the consent of any of the holders of the outstanding SAC bonds but with prior notice to the rating agencies, we and the trustee may execute a supplemental indenture for any of the following purposes:

- to correct or amplify the description of any property, including the collateral, or to better assure, convey and confirm unto the trustee the collateral, or to subject additional property to the lien of the indenture and the series supplement;
- to evidence the succession, in compliance with the applicable provisions of the indenture, of another entity to us, and the assumption by any applicable successor of our covenants contained in the indenture and in the SAC bonds;
- to add to our covenants, for the benefit of the holders of the SAC bonds, or to surrender any right or power therein conferred upon us;
- to convey, transfer, assign, mortgage or pledge any property to or with the trustee;
- to cure any ambiguity or mistake, to correct or supplement any provision of the indenture or series supplement which may be inconsistent with any other provision of the indenture or series supplement,

to make any other provisions with respect to matters or questions arising under the indenture or series supplement; provided, however, that:

- this action shall not, as evidenced by an officer's certificate from us, adversely affect in any material respect the interests of any SAC bondholder; and
- the rating agency condition shall have been satisfied with respect thereto;

- to evidence and provide for the acceptance of the appointment under the indenture by a successor trustee with respect to the SAC bonds and to add to or change any of the provisions of the indenture as shall be necessary to facilitate the administration of the SAC bond collateral under the indenture by more than one trustee, pursuant to the requirements specified in the indenture;
- to modify, eliminate or add to the provisions of the indenture to the extent necessary to effect the qualification of the indenture under the Trust Indenture Act and to add to the indenture any other provisions as may be expressly required by the Trust Indenture Act;
- to evidence the final terms of the SAC bonds in the series supplement;
- to qualify the SAC bonds for registration with a clearing agency;
- to satisfy any rating agency requirements;
- to make any amendment to the indenture or the SAC bonds relating to the transfer and legending of the SAC bonds to comply with applicable securities laws;
- to conform the text of the indenture or the SAC bonds to any provisions of the registration statement filed by us with the SEC with respect to the issuance of the SAC bonds to the extent that such provision was intended to be a verbatim recitation of a provision of the indenture of the SAC bonds; or
- to authorize the appointment of any fiduciary for the SAC bonds required or advisable with the listing on any stock exchange and otherwise amend the indenture to incorporate changes requested or required by any governmental authority, stock exchange authority or fiduciary of the SAC bonds in connection with such listing.

Additional Modifications to the Indenture That Do Not Require the Consent of SAC Bondholders. We and the trustee may also, without the consent of any of the SAC bondholders, execute one or more other agreements supplemental to the indenture as long as:

- the supplemental agreement does not, as evidenced by an opinion of counsel of nationally recognized counsel experienced in structured finance transactions, adversely affect in any material respect the interests of any SAC bondholder; and
- the rating agency condition shall have been satisfied with respect thereto.

Modifications to the Indenture That Require the Approval of the SAC Bondholders. We and the trustee also may, with the consent of the holders of a majority of the outstanding amount of the SAC bonds of each tranche to be adversely affected, execute a supplemental indenture to add any provisions to, or change in any manner or eliminate any of the provisions of, the indenture or modify in any manner the rights of the SAC bondholders under the indenture. Under no circumstance may the supplemental indenture be modified without the consent of the holders of each SAC bond tranche affected thereby:

- change the date of payment of any installment of principal of or premium, if any, or interest on any SAC bond of such tranche, or reduce the principal amount thereof, the interest rate thereon or the premium, if any, with respect thereto;
- change the provisions of the indenture and the series supplement relating to the application of collections on, or the proceeds of the sale of, the SAC bond collateral to payment of principal of or premium, if any, or interest on the SAC bonds, or change any place of payment where, or the coin or currency in which, any SAC bond or any interest thereon is payable;

- reduce the percentage of the aggregate amount of the outstanding SAC bonds or of a tranche thereof, the consent of the SAC bondholders of which is required for any supplemental indenture, or the consent of the SAC bondholders of which is required for any waiver of compliance with those certain provisions of the indenture specified therein or of certain defaults specified therein and their consequences provided for in the indenture;
- reduce the percentage of the outstanding amount of the SAC bonds required to direct the trustee to direct us to sell or liquidate the collateral;
- modify any provision of the section of the indenture relating to the consent of SAC bondholders with respect to supplemental indentures or any provision of the other basic documents similarly specifying the rights of SAC bondholders to consent to modification thereof, except to increase any percentage specified therein or to provide that those provisions of the indenture or the basic documents specified in the indenture cannot be modified or waived without the consent of each outstanding SAC bondholder affected thereby;
- modify any of the provisions of the indenture in a manner as to affect the calculation of the amount of any payment of interest, principal or premium, if any, due on any SAC bond on any payment date (including the calculation of any of the individual components of such calculation) or change the expected sinking fund schedule or final maturity date of any tranche of the SAC bonds;
- decrease the required capital amount;
- permit the creation of any lien ranking prior to or on a parity with the lien of the indenture with respect to any of the collateral for the SAC bonds or, except as otherwise permitted or contemplated in the indenture, terminate the lien of the indenture on any property at any time subject thereto or deprive the holder of any SAC bond of the security provided by the lien of the indenture;
- cause any material adverse U.S. federal income tax consequence to us, APCo, the managers, the trustee or the then-existing SAC bondholders; or
- impair the right to institute suit for the enforcement of the provisions of the indenture regarding payment or application of funds.

Enforcement of the Sale Agreement, the Administration Agreement, the Servicing Agreement and the Intercreditor Agreement and Joinder. The indenture provides that we will take all lawful actions to enforce our rights under the sale agreement, the administration agreement, the servicing agreement, the intercreditor agreement and joinder and the other basic documents. The indenture also provides that we will take all lawful actions to compel or secure the performance and observance by APCo, the administrator and the servicer of their respective obligations to us under or in connection with the sale agreement, the administration agreement, the servicing agreement, the intercreditor agreement and joinder and the other basic documents. So long as no event of default occurs and is continuing, we may exercise any and all rights, remedies, powers and privileges lawfully available to us under or in connection with the sale agreement, the administration agreement, the servicing agreement and the intercreditor agreement and joinder; provided that such action shall not adversely affect the interests of the SAC bondholders in any material respect. However, if we or the servicer propose to amend, modify, waive, supplement, terminate or surrender in any material respect, or agree to any material amendment, modification, supplement, termination, waiver or surrender of, the process for adjusting the SAC charges, we must provide written notice to the trustee, and the trustee shall notify the SAC bondholders of such proposal. In addition, the trustee may consent to this proposal only with the written consent of the holders of a majority of the principal amount of the outstanding SAC bonds affected thereby and only if the rating agency condition is satisfied.

If an event of default occurs and is continuing, the trustee may, and, at the written direction of the holders of a majority of the outstanding amount of the SAC bonds affected thereby, shall exercise all of our rights, remedies, powers, privileges and claims against APCo, the administrator and servicer, under or in connection

with the sale agreement, the servicing agreement, the administration agreement and the intercreditor agreement and joinder, and any right of ours to take this action shall be suspended.

Modifications to the Sale Agreement, the Administration Agreement, the Intercreditor Agreement and joinder and the Servicing Agreement. The sale agreement, the administration agreement, the intercreditor agreement and joinder and the servicing agreement, may be amended in accordance with the provisions thereof, so long as the rating agency condition is satisfied in connection therewith, at any time and from time to time, without the consent of the SAC bondholders if all conditions precedent for such amendment have been satisfied and such amendment is authorized and permitted by the terms of the agreement being amended, as evidenced by an opinion of counsel. Notwithstanding the foregoing, the sale agreement, the administration agreement and the servicing agreement may be amended in accordance with the provisions thereof with ten business days' prior written notice given to the rating agencies and with the prior written consent of the trustee (except that any amendment to the administration agreement or the sale agreement will not require the consent of the trustee), but without the consent any of the SAC bondholders, (a) to cure any ambiguity, to correct or supplement any provisions in the applicable agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in such agreement or of modifying in any manner the rights of the SAC bondholders; provided, however, that such action shall not adversely affect in any material respect the interests of any holder; or (b) to conform the provisions of the applicable agreement to the description of such agreement in the prospectus. In the case of an amendment described in the preceding sentence, the issuing entity shall furnish copies of such amendment to the rating agencies promptly after execution thereof.

Notification of the Rating Agencies, the Trustee and the SAC Bondholders of any Modification.

If we, APCo or the servicer or any other party to the applicable agreement:

- proposes to amend, modify, waive, supplement, terminate or surrender, or agree to any other amendment, modification, waiver, supplement, termination or surrender of, the terms of the sale agreement or the servicing agreement; or
- waives timely performance or observance by APCo or the servicer under the sale agreement, the intercreditor agreement and joinder, the administration agreement or the servicing agreement,

in each case in a way which would materially and adversely affect the interests of SAC bondholders, we must first notify the rating agencies of the proposed action and must promptly notify the trustee and the trustee shall notify the SAC bondholders on our behalf. The trustee will consent to this proposed amendment, modification, supplement or waiver only if the rating agency condition is satisfied and only with the written consent of the holders of a majority of the outstanding principal amount of the SAC bonds of materially and adversely affected thereby.

What Constitutes an Event of Default on the SAC Bonds

An event of default with respect to the SAC bonds is defined in the indenture as being:

1. a default in the payment of any interest on any SAC bond when the same becomes due and payable and the continuation of this default for five business days;
2. a default in the payment of the then unpaid principal of any SAC bonds of a tranche on the final maturity date for such tranche;
3. a default in the observance or performance of any of our covenants or agreements made in the indenture, other than those specifically dealt with in clause 1 or 2 above, or any of our representations or warranties made in the indenture or the series supplement or in any certificate or other writing delivered pursuant to the indenture or in connection with the indenture proving to have been incorrect in any material respect as of the time when made, and if such default continues or is not cured for a

period of 30 days after the earlier of (a) written notice of the default is given to us by the trustee or to us and the trustee by the holders of at least 25% of the outstanding principal amount of the SAC bonds or (b) the date we have actual notice of the default;

4. any representation or warranty made by us in the indenture or the series supplement, or in any certificate or other writing delivered pursuant hereto or the series supplement or in connection therewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and the circumstance or condition in respect of which such representation or warranty was incorrect shall not have been eliminated or otherwise cured, 30 days after the earlier of (a) the date that there shall have been given, by registered or certified mail, us by the trustee or to us and the trustee by the holders of SAC bonds representing at least 25 percent of the outstanding amount of the SAC bonds, a written notice specifying such incorrect representation or warranty and requiring it to be remedied and stating that such notice is a "Notice of Default" thereunder or (b) the date that we have actual knowledge of the default;

5. the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of us or any substantial part of the collateral in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of us or for any substantial part of the collateral, or ordering the winding-up or liquidation of our affairs, and such decree or order remains unstayed and in effect for a period of 90 consecutive days;

6. the commencement by us of a voluntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by us to the entry of an order for relief in an involuntary case or proceeding under any such law, or the consent by us to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of us for any substantial part of the collateral, or the making by us of any general assignment for the benefit of creditors, or the failure by us generally to pay our debts as such debts become due, or the taking of action by us in furtherance of any of the foregoing; or

7. any act or failure to act by the Commonwealth of Virginia or any of its agencies (including the Virginia Commission), officers or employees that violates or is not in accordance with the pledge of the Commonwealth of Virginia in the Securitization Law. Please read "The Securitization Law" in this prospectus.

Remedies Available Following an Event of Default. If an event of default with respect to the SAC bonds, other than event number 7 above, occurs and is continuing, the trustee or holders holding not less than a majority in principal amount of the SAC bonds may declare the unpaid principal balance of SAC bonds, together with accrued interest, to be immediately due and payable. This declaration may, under the circumstances specified therein, be rescinded by the holders of a majority in principal amount of the SAC bonds. The nature of our business will result in payment of principal upon such a declaration being made as funds become available. Please read "Risk Factors— Risks Associated with the Unusual Nature of the SAC Property— Foreclosure of the trustee's lien on the SAC property might not be practical, and acceleration of the SAC bonds before maturity might have little practical effect" and "—You may experience material payment delays or incur a loss on your investment in the SAC bonds because the source of funds for payment is limited" in this prospectus.

In addition to acceleration of the SAC bonds described above, the trustee may exercise one or more of the following remedies upon an event of default (other than event number 7 above):

1. the trustee may institute proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the SAC bonds or under the indenture with respect to the SAC bonds, whether by declaration of acceleration or otherwise, and, subject to the limitations on recovery set forth in the indenture, enforce any judgment obtained, and collect from us moneys adjudged due, upon the SAC bonds;

2. the trustee may institute proceedings from time to time for the complete or partial foreclosure of the indenture with respect to the collateral securing the SAC bonds;

3. the trustee may exercise any remedies of a secured party under the Uniform Commercial Code or the Securitization Law or any other applicable law and take any other appropriate action to protect and enforce the rights and remedies of the trustee and the SAC bondholders;

4. at the written direction of the holders of a majority in the principal amount of the SAC bonds, the trustee may either sell all or a portion of the collateral securing the SAC bonds or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by applicable law provided that certain conditions set forth in the indenture are met, or elect that we maintain possession of all or a portion of the collateral securing the SAC bonds pursuant to the terms of the indenture and continue to apply the SAC charges as if there had been no declaration of acceleration; and

5. the trustee may exercise all of our rights, remedies, powers, privileges and claims against the seller, administrator and the servicer under or in connection with the sale agreement, the administration agreement, the intercreditor agreement and joinder or the servicing agreement.

If event of default number 7 above occurs, the trustee may to the extent allowed by applicable law institute or participate in proceedings necessary to compel performance of or to enforce the pledge of either the Commonwealth of Virginia or the Virginia Commission and to collect any monetary damages incurred by the SAC bondholders or the trustee as a result of such event of default. This is the only remedy the trustee may exercise if this event of default has occurred.

When the Trustee Can Sell the Collateral. If the SAC bonds have been declared to be due and payable following an event of default, the trustee shall, at the written direction of the holders of a majority in principal amount of the SAC bonds, either:

- subject to the paragraph immediately below, sell the collateral securing the SAC bonds;
- elect to have us maintain possession of the collateral securing the SAC bonds; or
- take such other remedial action as the trustee, at the written direction of the holders of a majority in principal amount of the SAC bonds then outstanding and declared to have been due and payable, may direct and continue to apply distributions on the collateral securing the SAC bonds as if there had been no declaration of acceleration.

The trustee is prohibited from selling the collateral securing the SAC bonds following an event of default unless the final payment date of the SAC bonds has occurred or the SAC bonds have been declared due and payable and:

- the holders of 100% of the principal amount of the SAC bonds consent to the sale;
- the proceeds of the sale or liquidation are sufficient to pay in full the principal of and premium, if any, and accrued interest on the outstanding SAC bonds; or
- the trustee determines that funds provided by the collateral securing the SAC bonds would not be sufficient on an ongoing basis to make all payments on the SAC bonds as these payments would have become due if the SAC bonds had not been declared due and payable, and the trustee obtains the written consent of the holders of at least two-thirds of the aggregate outstanding principal amount of the SAC bonds.

Right of SAC Bondholders to Direct Proceedings. Subject to the provisions for indemnification and the limitations contained in the indenture, the holders of a majority in principal amount of the outstanding SAC bonds will have the right to direct the time, method and place of conducting any proceeding or any remedy

available to the trustee or exercising any trust or power conferred on the trustee; provided that, among other things:

- this direction does not conflict with any rule of applicable law or with the indenture or the series supplement and shall not involve the trustee in any personal liability or expense;
- any direction to the trustee to sell or liquidate any of the collateral securing the SAC bonds shall be by the holders of the SAC bonds representing not less than 100% of the outstanding SAC bonds; and
- so long as the conditions specified in the indenture have been satisfied and the trustee elects to retain the collateral securing the SAC bonds pursuant to the indenture and elects not to sell or liquidate that collateral, any direction to the trustee to sell or liquidate the collateral securing the SAC bonds or any portion thereof by the holders representing not less than 100% of the outstanding amount of the SAC bonds, shall be of no force and effect.

However, in case an event of default occurs and is continuing, the trustee will be under no obligation to exercise any of the rights or powers under the indenture at the request or direction of any of the holders of the SAC bonds if:

- the trustee may take any other action deemed proper by the trustee that is not inconsistent with this direction;
- it reasonably believes it will not be indemnified to its satisfaction against any cost, expense or liabilities; or
- it determines that this action might materially adversely affect the rights of any SAC bondholder not consenting to the action.

Waiver of Default. Prior to acceleration of the maturity of the SAC bonds, the holders of a majority in principal amount of the SAC bonds may, subject to certain conditions specified in the indenture, waive any default with respect to the SAC bonds. However, they may not waive a default in the payment of principal of or premium, if any, or interest on any of the SAC bonds or a default in respect of a covenant or provision of the indenture that cannot be modified without the waiver or consent of all of the holders of the outstanding SAC bonds.

Limitation of Proceedings. Under the indenture, no SAC bondholder will have the right to institute any proceeding, judicial or otherwise, or to avail itself of the right to foreclose on the SAC property or otherwise enforce the lien in the SAC property pursuant to the Securitization Law, unless:

- the holder previously has given to the trustee written notice of a continuing event of default;
- the holders of a majority in principal amount of the outstanding SAC bonds have made written request of the trustee to institute the proceeding in its own name as trustee;
- the holder or holders have offered the trustee indemnity satisfactory to the trustee against the costs, expenses and liabilities to be incurred in complying with the request;
- the trustee for 60 days after its receipt of the notice, request and offer of indemnity has failed to institute the proceeding; and
- no direction inconsistent with this written request has been given to the trustee during the 60-day period referred to above by the holders of a majority in principal amount of the outstanding SAC bonds.

In addition, each of the trustee, the SAC bondholders and the servicer will covenant that it will not, prior to the date that is one year and one day after the termination of the indenture, acquiesce, petition or otherwise invoke or cause us or any manager to invoke against us or against our managers or our member or members any bankruptcy, reorganization or other proceeding under any federal or state bankruptcy or similar law. By purchasing SAC bonds, each SAC bondholder will be deemed to have made this covenant.

Our Covenants

Consolidation, Merger or Sale of Assets. We will keep in effect our existence, rights and franchises as a limited liability company under Virginia law, provided that we may consolidate with, merge into or convert into another entity or sell substantially all of our assets to another entity if:

- the entity formed by or surviving the consolidation, merger or conversion or to whom substantially all of our assets are sold is organized under the laws of the United States or any state thereof and expressly assumes by a supplemental indenture the due and punctual payment of the principal of and premium, if any, and interest on all outstanding SAC bonds and the performance of our obligations under the indenture;
- the entity formed by or surviving the consolidation, merger or conversion or to whom substantially all of our assets are sold expressly assumes all obligations and succeeds to all of our rights under the sale agreement, the administration agreement, the servicing agreement and any other basic document specified in the indenture to which we are a party (or under which we have rights) pursuant to an assignment and assumption agreement executed and delivered to the trustee;
- no default or event of default will have occurred and be continuing immediately after giving effect to the merger, consolidation, conversion or sale;
- prior notice will have been given to the rating agencies and the rating agency condition will have been satisfied with respect to the merger, consolidation, conversion or sale;
- we have received an opinion of independent counsel to the effect that the merger, consolidation, conversion or sale, will have no material adverse tax consequence to us or any SAC bondholder, complies with the indenture and all conditions precedent therein provided relating to the merger, consolidation, conversion or sale, and will result in the trustee maintaining a continuing valid first priority perfected security interest in the collateral;
- none of the SAC property, the financing order or our rights under the Securitization Law or the financing order are impaired thereby; and
- any action that is necessary to maintain the lien and security interest created by the indenture has been taken.

Additional Covenants. We will from time to time execute and deliver all documents, make all filings and take any other action necessary or advisable to, among other things, maintain and preserve the lien of the indenture and the priority thereof. We will not, among other things:

- permit the validity or effectiveness of the indenture or other basic documents to be impaired or the lien to be amended, hypothecated, subordinated, terminated or discharged;
- permit any person to be released from any covenants or obligations with respect to the SAC bonds except as expressly permitted by the indenture;
- permit any lien, charge, claim, security interest, mortgage or other encumbrance, other than the lien of the indenture, to be created on or extend to or otherwise arise upon or burden the collateral or any part thereof or any interest therein or the proceeds thereof (other than tax liens arising by operation of law with respect to amounts not yet due);
- permit the lien of the indenture not to constitute a valid first priority perfected security interest in the collateral securing the SAC bonds;
- except as expressly permitted by the indenture, the series supplement, or other basic documents, sell, transfer, convey, exchange or otherwise dispose of any of our properties or assets, including those included in the collateral securing the SAC bonds unless in accordance with the indenture;
- claim any credit on, or make any deduction from the principal or premium, if any, or interest payable in respect of, the SAC bonds, other than amounts properly withheld from such payments under the

Internal Revenue Code of 1986, the Treasury regulations promulgated thereunder or other tax laws or assert any claim against any present or former SAC bondholder because of the payment of taxes levied or assessed upon any part of the collateral securing the SAC bonds;

- terminate our existence, dissolve or liquidate in whole or in part, except as otherwise permitted by the indenture;
- change our name, identity or structure or the location of our chief executive office or state of formation, unless, at least ten business days prior to the effective date of any such change, we deliver to the trustee, with copies to the rating agencies, such documents, instruments or agreements, executed by us, as are necessary to reflect such change and to continue the perfection of the security interest of the indenture;
- take any action which is the subject of a rating agency condition without satisfying the rating agency condition;
- elect to be classified as an association taxable as a corporation for federal income tax purposes or otherwise take any action inconsistent with our treatment for federal income tax purposes as a disregarded entity not separate from our sole owner;
- except to the extent permitted by applicable law, voluntarily suspend or terminate our filing obligations with the SEC as described in the indenture; or
- issue any debt obligations other than SAC bonds permitted by the indenture.

We may not engage in any business other than financing, purchasing, owning, administering, managing and servicing SAC property and the assets in the collateral securing the SAC bonds and the issuance of SAC bonds in the manner contemplated by the financing order and the indenture and other basic documents and activities incidental thereto.

We may not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any indebtedness except for the SAC bonds permitted by the indenture and any other indebtedness expressly permitted by or arising under the basic documents. Also, we may not guarantee or otherwise become contingently liable in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire, or agree contingently to acquire, any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other person, except as otherwise contemplated by the indenture, the sale agreement, or the servicing agreement. We may not, except as contemplated by the indenture, the sale agreement, the servicing agreement and related documents (or as contemplated by an additional financing order issued by the Virginia Commission to APCo), including our limited liability company agreement, make any loan or advance or credit to any person. We will not make any expenditure for capital assets or lease any capital asset other than the SAC property purchased from APCo pursuant to, and in accordance with, the sale agreement. We may not make any payments, distributions or dividends to any member in respect of its membership interest except in accordance with the indenture.

The servicer will deliver to the trustee the annual accountant's report, compliance certificates and reports regarding distributions and other statements required by the servicing agreement. Please read "The Servicing Agreement" in this prospectus.

Access to the List of SAC Bondholders

Any SAC bondholder, or group of SAC bondholders, owning at least ten percent of the outstanding amount of the SAC bonds may, by written request to the trustee, obtain access to the list of all SAC bondholders maintained by the trustee for the purpose of communicating with other SAC bondholders with respect to their rights under the indenture or the SAC bonds; provided, that the trustee gives prior written notice to us of such request.

We Must File an Annual Compliance Statement

We will deliver to the trustee, the Virginia Commission and each rating agency not later than March 31 of each year (commencing with March 31, 2027), an officer's certificate stating, as to the responsible officer signing such officer's certificate, that:

- a review of our activities during the preceding 12 months ended December 31, (or, in the case of the first such officer's certificate, since the issuance date) and of performance under the indenture has been made; and
- to the best of such responsible officer's knowledge, based on such review, we have in all material respects complied with all conditions and covenants under the indenture throughout such period, or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to the responsible officer and the nature and status thereof.

The Trustee Must Provide an Annual Report to All SAC Bondholders

If required by the Trust Indenture Act, the trustee will be required to make available electronically on its investor reporting website to all SAC bondholders a brief report. This report may state, in accordance with the requirements of the Trust Indenture Act, among other items:

- the trustee's eligibility and qualification to continue as the trustee under the indenture;
- any amounts advanced by it under the indenture;
- the amount, interest rate and maturity date of specific indebtedness owed by us to the trustee in the trustee's individual capacity;
- the property and funds physically held by the trustee; and
- any action taken by it that materially affects the SAC bonds and that has not been previously reported.

What Will Trigger Satisfaction and Discharge of the Indenture

The indenture will cease to be of further effect with respect to the SAC bonds, and the trustee, on our reasonable written demand and at our expense, will execute instruments acknowledging satisfaction and discharge of the indenture with respect to the SAC bonds, when:

- either all SAC bonds which have already been authenticated or delivered, with certain exceptions set forth in the indenture, have been delivered to the trustee for cancellation or either scheduled final payment date has occurred with respect to all SAC bonds that have not been delivered to the trustee for cancellation or the SAC bonds will be due and payable on their respective scheduled final payment dates within one year, and we have irrevocably deposited in trust with the trustee cash or U.S. government obligations specified in the indenture, in an amount sufficient to make payments of principal of and premium, if any, and interest on the SAC bonds not theretofore delivered to the trustee for cancellation, ongoing financing costs and all other sums payable to us pursuant to the indenture with respect to the SAC bonds when scheduled to be paid and to discharge the entire indebtedness on those SAC bonds not previously delivered to the trustee when due;
- we have paid or caused to be paid all other sums payable by us under the indenture with respect to the SAC bonds; and
- we have delivered to the trustee an officer's certificate, an opinion of external counsel, and if required by the Trust Indenture Act or the trustee, a certificate from a firm of independent certified public accountants, each stating that there has been compliance with the conditions precedent in the indenture or relating to the satisfaction and discharge of the indenture with respect to the SAC bonds.

Our Legal Defeasance and Covenant Defeasance Options

We may, at any time, terminate:

- all of our obligations under the indenture with respect to the SAC bonds, referred to herein as the legal defeasance option; or
- our obligations to comply with some of the covenants in the indenture, including some of the covenants described under "Our Covenants," referred to herein as our covenant defeasance option.

The legal defeasance option is our right to terminate at any time our obligations under the indenture with respect to the SAC bonds. The covenant defeasance option is our right at any time to terminate our obligations to comply with some of the covenants in the indenture. We may exercise the legal defeasance option with respect to the SAC bonds notwithstanding our prior exercise of the covenant defeasance option. If we exercise the legal defeasance option, the SAC bonds will be entitled to payment only from the funds or other obligations set aside under the indenture for payment thereof on the scheduled final payment date therefor as described below. The SAC bonds will not be subject to payment through acceleration prior to the scheduled final payment date. If we exercise the covenant defeasance option, the final payment of the SAC bonds may not be accelerated because of an event of default relating to a default in the observance or performance of our covenants or as described in "What Constitutes an Event of Default on the SAC bonds" above.

We may exercise the legal defeasance option or the covenant defeasance option with respect to SAC bonds only if:

- we have irrevocably deposited or caused to be irrevocably deposited in trust with the trustee cash or U.S. government obligations specified in the indenture that through the scheduled payments of principal and interest in respect thereof in accordance with their terms are in an amount sufficient to pay principal, interest and premium, if any, on the SAC bonds not theretofore delivered to the trustee for cancellation and ongoing financing costs and all other sums payable under the indenture by us with respect to the SAC bonds when scheduled to be paid and to discharge the entire indebtedness on the SAC bonds when due;
- we deliver to the trustee a certificate from a nationally recognized firm of independent registered public accountants expressing its opinion that the payments of principal of and interest on the deposited U.S. government obligations when due and without reinvestment plus any cash deposited in the defeasance subaccount will provide cash at times and in sufficient amounts to pay in respect of the SAC bonds principal in accordance with the expected sinking fund schedule therefor, interest when due and all other sums payable by us under the indenture with respect to the SAC bonds;
- in the case of the legal defeasance option, 95 days pass after the deposit is made and during the 95-day period no default relating to events of our bankruptcy, insolvency, receivership or liquidation occurs and is continuing at the end of the period;
- no default has occurred and is continuing on the day of this deposit and after giving effect thereto;
- in the case of an exercise of the legal defeasance option, we shall have delivered to the trustee an opinion of external counsel stating that we have received from, or there has been published by, the Internal Revenue Service a ruling, or since the date of execution of the indenture, there has been a change in the applicable U.S. federal income tax law, and in either case confirming that the holders of the SAC bonds will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such legal defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the legal defeasance had not occurred;
- in the case of an exercise of the covenant defeasance option, we shall have delivered to the trustee an opinion of external counsel to the effect that the holders of the SAC bonds will not recognize income,

gain or loss for U.S. federal income tax purposes as a result of such covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the covenant defeasance had not occurred;

- we deliver to the trustee a certificate of one of our officers and an opinion of counsel, each stating that all conditions precedent to the legal defeasance option or the covenant defeasance option, as applicable, have been complied with as required by the indenture;
- we deliver to the trustee an opinion of external counsel to the effect that (a) in a case under the Bankruptcy Code in which APCo (or any of its affiliates, other than us) is the debtor, the court would hold that the deposited cash or U.S. government obligations would not be in the bankruptcy estate of APCo (or any of its affiliates, other than us, that deposited the moneys or U.S. government obligations); and (b) in the event APCo (or any of its affiliates, other than us, that deposited the moneys or U.S. government obligations), were to be a debtor in a case under the Bankruptcy Code, the court would not disregard the separate legal existence of APCo (or any of its affiliates, other than us, that deposited the moneys or U.S. government obligations) and us so as to order substantive consolidation under the Bankruptcy Code of our assets and liabilities with the assets and liabilities of APCo or such other affiliate; and
- each rating agency has notified us and the trustee that the exercise of the proposed defeasance option will not result in a downgrade or withdrawal of the then current rating of any then outstanding SAC bonds.

No Recourse to Others

No recourse may be taken directly or indirectly, by the holders of the SAC bonds with respect to our obligations, or the obligations of the trustee, on the SAC bonds or under the indenture or the series supplement or any certificate or other writing delivered in connection therewith, against (a) us, other than from the SAC bond collateral; (b) any owner of a membership interest in us (including APCo); or (c) any shareholder, partner, owner, beneficiary, agent, officer, director or employee of the trustee, the managers or any owner of a membership interest in us (including APCo) in its respective individual capacity, or of any successor or assign of any of them in their respective individual or corporate capacities, except as any such person may have expressly agreed in writing.

Notwithstanding any provision of the indenture or the series supplement to the contrary, bondholders shall look only to the SAC bond collateral with respect to any amounts due to the SAC bondholders under the indenture and the SAC bonds, and, in the event such SAC bond collateral is insufficient to pay in full the amounts owed on the SAC bonds, shall have no recourse against us in respect of such insufficiency. Each bondholder by accepting a SAC bond specifically confirms the nonrecourse nature of these obligations, and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the SAC bonds.

Governing Law

The indenture will be governed by the laws of the State of New York, provided that the creation, attachment and perfection of any liens created thereunder in the SAC property and all rights and remedies of the trustee, securities intermediary and the holders with respect to the SAC property shall be governed by the laws of the Commonwealth of Virginia.

THE TRUSTEE

U.S. Bank Trust Company, National Association, a national banking association ("**U.S. Bank Trust Co.**"), will be the trustee, and will act as the paying agent and registrar for the SAC bonds. U.S. Bank National Association ("**U.S. Bank N.A.**") made a strategic decision to reposition its corporate trust business by transferring substantially all of its corporate trust business to its affiliate, U.S. Bank Trust Co., a non-depository trust company (U.S. Bank N.A. and U.S. Bank Trust Co. are collectively referred to herein as "**U.S. Bank**"). Upon U.S. Bank Trust Co.'s succession to the business of U.S. Bank N.A., it became a wholly owned subsidiary of U.S. Bank N.A. The trustee will maintain the accounts of the issuing entity in the name of the trustee at U.S. Bank N.A.

U.S. Bancorp, with total assets exceeding $692 billion as of December 31, 2025, is the parent company of U.S. Bank, the fifth largest commercial bank in the United States. As of December 31, 2025, U.S. Bancorp operated over 2,000 branch offices in 26 states. A network of specialized U.S. Bancorp offices across the nation provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses, and institutions.

U.S. Bank has one of the largest corporate trust businesses in the country with office locations in 44 Domestic and 3 International cities. The indenture will be administered from U.S. Bank's corporate trust office located at 190 South LaSalle Street, 7th Floor, Chicago, Illinois 60603.

U.S. Bank has provided corporate trust services since 1924. As of December 31, 2025, U.S. Bank was acting as trustee with respect to over 158,000 issuances of securities with an aggregate outstanding principal balance of over $6.8 trillion. This portfolio includes corporate and municipal bonds, mortgage-backed and asset-backed securities and collateralized debt obligations.

The trustee shall make each monthly statement available to the bondholders via the trustee's internet website at https://pivot.usbank.com. SAC bondholders with questions may direct them to the trustee's bondholder services group at (800) 934-6802.

U.S. Bank serves or has served as trustee, paying agent and registrar on several issues of utility rate-payer backed securities.

U.S. Bank N.A. and other large financial institutions have been sued in their capacity as trustee or successor trustee for certain residential mortgage backed securities ("**RMBS**") trusts. The complaints, primarily filed by investors or investor groups against U.S. Bank N.A. and similar institutions, allege the trustees caused losses to investors as a result of alleged failures by the sponsors, mortgage loan sellers and servicers to comply with the governing agreements for these RMBS trusts. Plaintiffs generally assert causes of action based upon the trustees' purported failures to enforce repurchase obligations of mortgage loan sellers for alleged breaches of representations and warranties, notify securityholders of purported events of default allegedly caused by breaches of servicing standards by mortgage loan servicers and abide by a heightened standard of care following alleged events of default.

U.S. Bank N.A. denies liability and believes that it has performed its obligations under the RMBS trusts in good faith, that its actions were not the cause of losses to investors, that it has meritorious defenses, and it has contested and intends to continue contesting the plaintiffs' claims vigorously. However, U.S. Bank N.A. cannot assure you as to the outcome of any of the litigation, or the possible impact of these litigations on the trustee or the RMBS trusts.

On March 9, 2018, a law firm purporting to represent fifteen Delaware statutory trusts (the "**DSTs**") that issued securities backed by student loans (the "**Student Loans**") filed a lawsuit in the Delaware Court of Chancery against U.S. Bank N.A. in its capacities as indenture trustee and successor special servicer, and three

other institutions in their respective transaction capacities, with respect to the DSTs and the Student Loans. This lawsuit is captioned The National Collegiate Student Loan Master Trust I, et al. v. U.S. Bank National Association, et al., C.A. No. 2018-0167-JRS (Del. Ch.) (the "NCMSLT Action"). The complaint, as amended on June 15, 2018, alleged that the DSTs have been harmed as a result of purported misconduct or omissions by the defendants concerning administration of the trusts and special servicing of the Student Loans. Since the filing of the NCMSLT Action, certain Student Loan borrowers have made assertions against U.S. Bank N.A. concerning special servicing that appear to be based on certain allegations made on behalf of the DSTs in the NCMSLT Action.

U.S. Bank N.A. has filed a motion seeking dismissal of the operative complaint in its entirety with prejudice pursuant to Chancery Court Rules 12(b)(1) and 12(b)(6) or, in the alternative, a stay of the case while other prior filed disputes involving the DSTs and the Student Loans are litigated. On November 7, 2018, the Court ruled that the case should be stayed in its entirety pending resolution of the first-filed cases. On January 21, 2020, the Court entered an order consolidating for pretrial purposes the NCMSLT Action and three other lawsuits pending in the Delaware Court of Chancery concerning the DSTs and the Student Loans, which remains pending.

U.S. Bank N.A. denies liability in the NCMSLT Action and believes it has performed its obligations as indenture trustee and special servicer in good faith and in compliance in all material respects with the terms of the agreements governing the DSTs and that it has meritorious defenses. It has contested and intends to continue contesting the plaintiffs' claims vigorously.

While the legal proceedings discussed above involve certain affiliates of the trustee, none of such legal proceedings are material to the holders.

The trustee may resign at any time upon 30 days' prior written notice to us. The holders of a majority in principal amount of the SAC bonds then outstanding may remove the trustee upon 30 days' prior written notice to the trustee and may appoint a successor trustee. We will remove the trustee if the trustee ceases to be eligible to continue in this capacity under the indenture, the trustee becomes a debtor in a bankruptcy proceeding or is adjudicated insolvent, a receiver, other public officer takes charge of the trustee or its property, the trustee becomes incapable of acting or the trustee fails to provide to us certain information we reasonably request which is necessary for us to satisfy our reporting obligations under the securities laws. If the trustee resigns or is removed or a vacancy exists in the office of trustee for any reason, we will be obligated promptly to appoint a successor trustee eligible under the indenture and notice of such appointment is required to be promptly given to each rating agency by the successor trustee. No resignation or removal of the trustee will become effective until acceptance of the appointment by a successor trustee. We are responsible for payment of the expenses associated with any such removal or resignation.

The trustee will at all times satisfy the requirements of the Trust Indenture Act and Rule 3a-7 under the Investment Company Act and have a combined capital and surplus of at least $50 million and a long-term debt or issuer rating of "Baa3" or better by Moody's and "BBB-" or better by S&P. If the trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business or assets to, another entity, the resulting, surviving or transferee entity will without any further action be the successor trustee; provided, however, that if such successor trustee is not eligible under the indenture, the successor trustee will be replaced in accordance with the terms of the indenture. We and our affiliates may, from time to time, maintain various banking, investment banking and trust relationships with the trustee and its affiliates. Please read "The Sale Agreement" and "The Servicing Agreement" in this prospectus.

The trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided that its conduct does not constitute willful misconduct, negligence or bad faith. The trustee shall not be deemed to have notice or knowledge of any default or event of default (other than a payment default) unless a responsible officer of the trustee has actual knowledge thereof or the trustee has received written notice thereof pursuant to the indenture. The trustee shall not be required to take

any action it is directed to take under the indenture if the trustee determines in good faith that the action so directed is inconsistent with the indenture, any other basic document or applicable law, or would involve the trustee in personal liability. We have agreed to indemnify the trustee and its officers, directors, employees and agents against any and all loss, liability or expense (including reasonable attorney's fees and expenses, the fees of experts and agents and the reasonable fees, expenses and costs incurred in connection with any action, claim or suit brought to enforce the trustee's right to indemnification) incurred by it in connection with the administration of the trust and the performance of its duties under the indenture, the series supplement and other basic documents, provided that we are not required to pay any expense or indemnify against any loss, liability or expense incurred by the trustee through the trustee's own willful misconduct, negligence or bad faith, and in the case of the settlement of any action, proceeding or investigation, subject to the written consent of the issuing entity and certain other requirements.

We, APCo and our respective affiliates may from time to time enter into normal banking and trustee relationships with U.S. Bank Trust Company, National Association and its affiliates. No relationships currently exist or existed during the past two years between APCo, us and our respective affiliates, on the one hand, and U.S. Bank Trust Company, National Association and its affiliates, on the other hand, that would be outside the ordinary course of business or on terms other than would be obtained in an arm's length transaction with an unrelated third party.

WEIGHTED AVERAGE LIFE AND YIELD CONSIDERATIONS FOR THE SAC BONDS

The amount of principal payments, the amount of each interest payment and the actual final payment date of each tranche of the SAC bonds and the weighted average life thereof will depend primarily on the timing of receipt of collected SAC charges by the trustee and the true-up mechanism. The aggregate amount of collected SAC charges and the rate of principal amortization on the SAC bonds will depend, in part, on actual energy usage and energy demands, and the rate of delinquencies and write-offs. The SAC charges are required to be adjusted from time to time based in part on the actual rate of collected SAC charges. However, we can give no assurance that the servicer will be able to forecast accurately actual electricity usage and the rate of delinquencies and write-offs or implement adjustments to the SAC charges that will cause collected SAC charges to be received at any particular rate. Please read "Risk Factors—Servicing Risks," "Other Risks Associated with an Investment in the SAC Bonds" and "APCo's Financing Order—True-Ups" in this prospectus.

If the servicer receives SAC charges at a slower rate than expected, the SAC bonds may be retired later than expected. Except in the event of the acceleration of the final payment date of the SAC bonds after an event of default, however, the SAC bonds will not be paid at a rate faster than that contemplated in the expected amortization schedule of the SAC bonds even if the receipt of collected SAC charges is accelerated. Instead, receipts in excess of the amounts necessary to amortize the SAC bonds in accordance with the applicable expected amortization schedules, to pay interest and related fees and expenses and to fund subaccounts of the collection account will be allocated to the excess funds subaccount. A payment on a date that is earlier than forecast might result in a shorter weighted average life, and a payment on a date that is later than forecast might result in a longer weighted average life. In addition, if a larger portion of the delayed payments on the SAC bonds is received in later years, the SAC bonds may have a longer weighted average life.

Weighted Average Life Sensitivity

Weighted average life refers to the average amount of time from the date of issuance of a security until each dollar of principal of the security has been repaid to the investor. The amount of principal payments on each tranche of the SAC bonds, the aggregate amount of each interest payment on each tranche of the SAC bonds and the actual final payment date of the SAC bonds will depend on the timing of the servicer's receipt of SAC charges from APCo's customers. Changes in the expected weighted average life of the SAC bonds in relation to variances in actual electricity consumption levels from forecast levels are shown below. Severe stress cases on electricity consumption result in very minor changes, if any, in the weighted average life.

The SAC bonds may be retired later than expected. Except in the event of an acceleration of the expected amortization schedule of the SAC bonds after an event of default, however, the SAC bonds will not be paid at a rate faster than that contemplated in the expected amortization schedule even if the receipt of SAC charges collections is accelerated. Instead, receipts in excess of the amounts necessary to amortize the SAC bonds in accordance with the expected amortization schedule, to pay interest, ongoing transaction costs and any other related fees and expenses, and to fund deficiencies in the capital subaccount of the collection account will be allocated to the excess funds subaccount. Amounts on deposit in the excess funds subaccount will be taken into consideration in calculating the next true-up adjustment. Acceleration of the SAC bonds after an event of default in accordance with the terms thereof may result in payment of principal earlier than the scheduled final payment date. A payment on a date that is earlier than forecast might result in a shorter weighted average life, and a payment on a date that is later than forecast might result in a longer weighted average life. In addition, if a larger portion of the delayed payments on the SAC bonds is received in later years, the SAC bonds may have a longer weighted average life.

		Weighted Average Life Sensitivity			
		-5% (Standard Deviations from Mean)		-15% (Standard Deviations from Mean)	
Tranche	Expected Weighted Average Life (Years)	WAL (Years)	Change (days)*	WAL (Years)	Change (days)*
A-1					
A-2					
A-3					
A-4					

* Number is rounded to whole day.

There can be no assurance that the weighted average life of the SAC bonds will be as shown in the above table.

For the purposes of preparing the above chart, the following assumptions, among others, have been made: (a) in relation to the initial forecast, the forecast error stays constant over the life of the SAC bonds and is equal to an overestimate of electricity consumption of 5% (standard deviations from mean) or 15% (standard deviations from mean); (b) the servicer makes timely and accurate filings to make a true-up adjustment to the SAC charges at least annually; (c) customer write-off rates are held constant at %; (d) customers remit all SAC charges days after such charges are billed; (e) ongoing financing costs are equal to projections; (f) a permanent loss of all customers has not occurred; (g) there is no acceleration of the final maturity date of the SAC bonds; and (h) the issuance date of the SAC bonds is , 2026. There can be no assurance that the weighted average life of the SAC bonds will be as shown.

ESTIMATED ANNUAL FEES AND EXPENSES

Estimated initial annual fees and expenses payable from the SAC charges are shown below. For the priorities in application of funds under the indenture and the series supplement, please refer to "Description of the SAC Bonds—How Funds in the Collection Account Will Be Allocated" in this prospectus.

As set forth in the table below, we are obligated to pay fees to the trustee, APCo, as servicer, APCo, as administrator and our independent manager. We are also obligated to pay APCo an annual return on its invested capital. The following table illustrates these arrangements:

Recipient	Source of Payment	Estimated Fees and Expenses Payable
Trustee	SAC charges and investment earnings	$ per annum, plus certain additional expenses and indemnities, if applicable
Servicer	SAC charges and investment earnings	$ per annum (so long as APCo is servicer), payable in installments on each payment date, plus reimbursable expenses
Administrator	SAC charges and investment earnings	$100,000 per annum (so long as APCo is servicer), payable in installments on each payment date, plus reimbursable expenses
Independent manager	SAC charges and investment earnings	$ per annum
APCo return on invested capital	SAC charges and investment earnings	Initially, $ per annum[(1)]

(1) APCo's return on invested capital is equal to the authorized pre-tax weighted average cost of capital established in its most recent base rate case.

If APCo or any of its affiliates is not the servicer, an amount agreed upon by the successor servicer and the trustee (acting at the written direction of the holders of a majority in principal amount of the SAC bonds), provided, that the fee will not, unless the Virginia Commission consents, exceed 0.60% of the initial principal amount of the SAC bonds on an annualized basis.

The SAC charges will also be used by the trustee for the payment of our other financing costs and expenses relating to the SAC bonds, such as accounting and audit fees, rating agency fees and legal fees.

THE SALE AGREEMENT

The following summary describes particular material terms and provisions of the sale agreement pursuant to which we will purchase the SAC property from APCo. We have filed the form of the sale agreement with the SEC as an exhibit to the registration statement of which this prospectus forms a part, and we urge you to read such document in its entirety.

APCo's Sale and Assignment of the SAC Property

In connection with the issuance of the SAC bonds, APCo, as the seller, will offer and sell the SAC property to us pursuant to the terms and conditions of the sale agreement. The sale of the SAC property to us by APCo will be financed through the corresponding issuance of the SAC bonds. Pursuant to the sale agreement, APCo will sell, assign and otherwise transfer to us concurrently with the issuance and sale of the SAC bonds to the underwriters, without recourse, except as expressly provided therein, its rights, title and interests in and to the SAC property created or arising under the financing order. The SAC property will represent all rights, title and interests of APCo under the financing order that are sold and transferred to us pursuant to the sale agreement and the related bill of sale, including the right to impose, bill, charge, collect and receive the SAC charges authorized in the financing order, the right to obtain periodic adjustments to the SAC charges as provided in the financing order and all revenues, collections, claims, rights to payments, payments, money or proceeds of or arising from the SAC charges as related to the SAC property, as the same may be adjusted from time to time, regardless of whether such revenues, collections, claims, rights to payment, payments, money, or proceeds are imposed, billed, charged, collected or received with, or maintained together with or commingled with, other revenues, collections, claims, rights to payment, payments, money or proceeds. We will apply a portion of the net proceeds that we receive from the sale of the SAC bonds to the purchase of the SAC property.

As provided by the Securitization Law, our purchase of the SAC property from APCo will be pursuant to the sale agreement, which will expressly provide that such transfer is an absolute transfer and true sale, and is not a pledge of or secured transaction, and all title and ownership to the SAC property will pass to us. Under the Securitization Law, the characterization of the sale as an absolute transfer and true sale shall not be affected or impacted by an occurrence of any of the following:

- Commingling of SAC charges with other amounts occurs;
- APCo retains a partial or residual interest, including an equity interest in the SAC property;
- APCo retains any right to recover costs associated with taxes, franchise fees, or license fees imposed on the collection of SAC charges;
- any recourse we have against APCo;
- APCo has any right or obligation to repurchase the SAC charges;
- any indemnification obligations of APCo;
- APCo acts as a collector of the SAC charges on behalf of us;
- APCo acts as the servicer of the SAC charges or the existence of any contract that authorizes or requires APCo, to the extent that any interest in SAC property is sold or assigned, to agree with us or any financing party that APCo will continue to operate its system to provide service to its customers, will collect amounts in respect of SAC charges for the benefit and account of us or such financing party, and will account for and remit such amounts to or for the account of us or such financing party;
- APCo treats the transfer as a financing for tax, financial reporting or other purposes;
- the SAC bondholders are granted or provided a preferred right to the SAC property or credit enhancement by APCo or its affiliates with respect to the SAC bonds; or
- any application of the formula-based true-up mechanism.

Under the Securitization Law, as of the effective date of a financing order, the SAC property is approved and, upon transfer of the SAC property to us, the SAC property shall be created, and shall consist of (a) all rights and interests of APCo or its successors or assignees under the financing order, including the right to impose, bill, charge, collect and receive SAC charges authorized in financing order and as the servicer to obtain true-up adjustments to such charges as provided in the financing order, and (b) all revenues, collections, claims, rights to payments, payments, money or proceeds arising from the rights and interests specified in the financing order, regardless of whether such revenues, collections, claims, rights to payment, payments, money or proceeds are imposed, billed, charged, collected or received with, or maintained together with or commingled with other revenues, collections, rights to payment, payments, money or proceeds. The creation of SAC property is conditioned upon, and shall he simultaneous with, the sale or other transfer of the SAC property to us, and the issuance of the SAC bonds and the pledge of the SAC Property to secure the SAC bonds.

Upon the issuance of a financing order, the execution and delivery of the related sale agreement and bill of sale and the filing of a financing statement under the Securitization Law, our purchase of the SAC property from APCo will be perfected as against all third persons, including subsequent judicial or other lien creditors.

If such sale, transfer, assignment, setting over and conveyance is held by any court of competent jurisdiction not to be a true sale as provided in 56-249.8 E 3 a of the Securitization Law, then such sale, assignment and transfer shall be treated as a pledge of the SAC property and as the creation of a security interest (within the meaning of the Securitization Law and the Uniform Commercial Code) in the SAC property and, without prejudice to the position that APCo has absolutely transferred all of the rights in the SAC property to us.

Our records and computer systems, and those of APCo, will reflect the sale and assignment of APCo's rights and interests under the financing order to us. However, we expect that the SAC bonds will be reflected as debt on APCo's financial statements. In addition, we anticipate that the SAC bonds will be treated as debt of APCo for federal income tax purposes. Please read "Material U.S. Federal Income Tax Consequences" in this prospectus.

Conditions to the Sale of the SAC Property

APCo's obligation to sell, and our obligation to purchase, the SAC property on the issuance date, are both subject to and conditioned upon the satisfaction or waiver of each of the following conditions:

- on or prior to the issuance date, APCo must deliver to us a duly executed bill of sale identifying the SAC property to be conveyed on that date;
- on or prior to the issuance date, APCo must receive the financing order creating the SAC property;
- as of the issuance date, APCo must not be insolvent and will not have been made insolvent by such sale of the SAC property, and APCo must not be aware of any pending insolvency with respect to itself;
- as of the issuance date, (a) the representations and warranties of APCo in the sale agreement must be true and correct with the same force and effect as if made on the closing date (except to the extent that they relate to an earlier date); (b) no breach by APCo of its covenants in the sale agreement shall exist; and (c) no default by the servicer shall have occurred and be continuing under the servicing agreement, as certified by APCo;
- as of the issuance date, (a) we must have sufficient funds available to pay the purchase price for the SAC property to be conveyed on such date; and (b) all conditions to the issuance of the SAC bonds intended to provide such funds set forth in the indenture must have been satisfied or waived;
- on or prior to the issuance date, APCo must have taken all action required to transfer ownership of the SAC property to us, free and clear of all liens other than liens created by us pursuant to the indenture and the other basic documents and to perfect such transfer; and we or the servicer, on our behalf, must have taken any action required for us to grant the trustee a first priority perfected security interest in the

SAC bond collateral securing the SAC bonds and maintain such security interest as of the issuance date;

- APCo must deliver to each rating agency and to us any opinion of counsel requested by the ratings agencies;
- APCo must deliver to the trustee any opinion of counsel requested by the trustee;
- on and as of the issuance date, each of the basic documents must be in full force and effect;
- the SAC bonds must have received a rating or ratings required by the financing order;
- we have received the purchase price in funds immediately available on the issuance date;
- the issuance advice letter must have been provided to the Virginia Commission in accordance with the financing order, and the Virginia Commission must not have issued a disapproval letter directing that the SAC bonds not be issued; and
- APCo must deliver to the trustee and to us an officers' certificate confirming the satisfaction of each of these conditions.

APCo's Representations and Warranties

In the sale agreement, APCo, as seller, will make representations and warranties to us, as of the issuance date, to the effect, among other things, that:

- the seller is a corporation duly organized and validly existing and is in good standing under the laws of the Commonwealth of Virginia, with the requisite corporate or other power and authority to own its properties as such properties are owned on the issuance date and to conduct its business as such business is conducted by it on the issuance date, and has the requisite corporate or other power and authority to obtain the Financing Order and own the rights and interests under the Financing Order and to sell and assign those rights and interests to us;
- the seller is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business require such qualifications, licenses or approvals (except where the failure to so qualify or obtain such licenses and approvals would not be reasonably likely to have a material adverse effect on the seller's business, operations, assets, revenues or properties);
- the seller has the requisite corporate or other power and authority to execute and deliver the sale agreement and to carry out its terms and the execution, delivery and performance of the sale agreement have been duly authorized by all necessary action on the part of the seller under its organizational or governing documents and laws;
- the sale agreement constitutes a legal, valid and binding obligation of the seller enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' or secured parties' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law;
- the consummation by the seller of the transactions contemplated by the sale agreement and the fulfillment by the seller of the terms thereof do not:
  - conflict with or result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the seller's organizational documents, or any indenture, mortgage, credit agreement or other agreement or instrument to which the seller is a party or by which it or any of its property is bound;

  - result in the creation or imposition of any lien upon any of the seller's properties pursuant to the terms of any such indenture, agreement or other instrument (other than any lien that may be granted in our favor or any lien created in favor of the trustee for the benefit of the SAC bondholders pursuant to the Securitization Law or any lien that may be granted under the basic documents); or
  - violate in any material respect any existing law or any existing order, rule or regulation applicable to the seller of any governmental authority having jurisdiction over the seller or its properties;
- there are no proceedings pending and, to the seller's knowledge, there are no proceedings threatened and, to the seller's knowledge, there are no investigations pending or threatened, before any governmental authority having jurisdiction over the seller or its properties involving or relating to the seller or us the or, to the seller's knowledge, any other person:
  - asserting the invalidity of the Securitization Law, the Financing Order, the sale agreement, any of the other basic documents or the SAC bonds;
  - seeking to prevent the issuance of the SAC bonds or the consummation of any of the transactions contemplated by the sale agreement or any of the other basic documents;
  - seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the seller of its obligations under, or the validity or enforceability of the Securitization Law, the Financing Order, the sale agreement, any of the other basic documents or the SAC bonds; or
  - seeking to adversely affect the federal income tax or state income or franchise tax classification of the SAC bonds as debt;
- except for Uniform Commercial Code financing statement filings under the Uniform Commercial Code and the Securitization Law, no approval, authorization, consent, order or other action of, or filing with, any governmental authority is required in connection with the execution and delivery by the seller of the sale agreement, the performance by the seller of the transactions contemplated hereby or the fulfillment by the seller of the terms hereof, except those that have been obtained or made and those that the seller, in its capacity as servicer under the servicing agreement, is required to make in the future pursuant to the servicing agreement;
- no portion of the SAC property has been sold, transferred, assigned or pledged or otherwise conveyed by the seller to any person other than us, and no security agreement, financing statement, or equivalent security or lien instrument listing the seller as debtor covering all or any part of the SAC property is on file or of record in any jurisdiction, except such as many have been filed, recorded or made in favor of us or the trustee in connection with the basic documents;
- the seller has not authorized the filing of and is not aware (after due inquiry) of any Uniform Commercial Code financing statement against it that includes a description of collateral including the SAC property other than:
  - any financing statement filed, recorded or made in favor of us or the trustee in connection with the basic documents; and
  - any financing statement being amended in connection with the intercreditor agreement to expressly exclude the SAC property from the description of collateral;
- the seller is not aware (after due inquiry) of any judgment or tax lien filings against either the seller or us;
- as of the issuance date, immediately prior to the sale of the SAC property pursuant to the sale agreement, the seller is the original and the sole owner of the SAC property free and clear of all liens and rights of any other person, and no offsets, defenses or counterclaims exist or have been asserted with respect thereto;

- on the issuance date, immediately upon the sale under the sale agreement, the SAC property shall be validly transferred, sold, conveyed and assigned to us, we will own the SAC property free and clear of all liens (except for liens created in favor of the trustee for the benefit of the holders pursuant to the Securitization Law or any lien that may be granted under the basic documents) necessary in any jurisdiction to give us a perfected ownership interest (subject to any lien created in favor of the trustee, for the benefit of the SAC bondholders, pursuant to the Securitization Law and any lien that may be granted under the basic documents) in the SAC property have been made or taken and all filings and action to be made or taken by the seller to perfect the security interest in the SAC property granted by Seller to us (subject to any lien created by us in your favor under the basic documents or the Securitization Law);
- on the issuance date, under the laws of the Commonwealth of Virginia and the United States in effect on such date:
  - the financing order pursuant to which the rights and interests of the seller, including the right to impose, bill, charge, collect and receive the SAC charges, and to which the SAC property transferred on such date have been created, is final and non-appealable and is in full force and effect;
  - as of the issuance of the SAC bonds, the SAC bonds are entitled to the protection of the Securitization Law and, accordingly, the financing order, the SAC charges and the issuance advice letter are not revocable by the Virginia Commission;
  - as of the issuance of the SAC bonds, the SAC charges are in full force and effect and not subject to modification by the Virginia Commission except as provided under § 56-249.8 K of the Securitization Law;
  - the process by which the financing order creating the SAC property transferred on such date was adopted and approved, and the financing order and the issuance advice letter and securitization financing rider themselves, comply with all applicable laws, rules and regulations;
  - the issuance advice letter and the securitization financing rider relating to the SAC property transferred on such date have been filed in accordance with the financing order creating the SAC property transferred on such date and an officer of the seller has provided the certification to the Virginia Commission required by the issuance advice letter; and
  - no other approval, authorization, consent, order or other action of, or filing with any governmental authority is required in connection with the creation of the SAC property transferred on such date, except those that have been obtained or made;
- under the Securitization Law, the Commonwealth of Virginia has pledged pursuant to § 56-249.8 K of the Securitization Law that it will not take any action to:
  - alter the provisions of the Securitization Law that authorize the Virginia Commission to create an irrevocable contract right or chose in action by the issuance of the financing order, to create securitized asset cost property in the form of SAC property, and to make the securitized asset cost charges imposed by the financing order in the form of the SAC charges irrevocable, binding, or non-bypassable charges;
  - take or permit any action that impairs or would impair the value of the SAC property or the security for the SAC bonds or revises the securitized asset costs for which recovery is authorized;
  - in any way impair the rights and remedies of the SAC bondholders, assignees, and other financing parties related thereto; and
  - except as permitted by § 56-249.8 K of the Securitization Law, reduce, alter, or impair SAC charges that are to be imposed, billed, charged, collected, and remitted for the benefit of such SAC bondholders, assignees, and financing parties until any and all principal, interest, premium,

financing costs and other fees, expenses, or charges incurred, and any contracts to be performed, in connection with the related SAC bonds have been paid and performed in full;

- subject to the clause below regarding assumptions used in calculating the charges as of the issuance date, all written information, as amended or supplemented from time to time, provided by the seller to us with respect to the SAC property (including the expected amortization schedule, the financing order and the issuance advice letter relating to the SAC property) is true and correct in all material respects;
- as of the issuance date, based upon the information available to the seller on such date, the assumptions used in calculating the SAC charges are reasonable and are made in good faith; however, notwithstanding the foregoing, the seller makes no representation or warranty, express or implied, that amounts actually collected arising from those SAC charges will in fact be sufficient to meet the payment obligations on the related SAC bonds or that the assumptions used in calculating such SAC charges will in fact be realized;
- upon the effectiveness of the financing order and the issuance advice letter with respect to the SAC property, and the transfer of the SAC property pursuant to the sale agreement and the filing of the appropriate notice of transfer with the Secretary of the Commonwealth of the Commonwealth of Virginia:
  - the rights and interests of the seller under the financing order, including the right to impose, bill, charge, collect and receive the SAC charges authorized in the financing order, will become "securitized asset cost property" in accordance with § 56.249.8 E 1 a, of the Securitization Law and as defined in the financing order;
  - the SAC property will constitute an existing, present intangible property right or interest therein vested in us;
  - the SAC property will include (a) the right, title and interest of the seller in the financing order and the SAC charges and (b) the right to obtain periodic adjustments (with respect to adjustments, in the manner and with the effect provided in the servicing agreement) of such SAC charges, and the rates and other charges authorized by the financing order and all revenues, collections, claims, rights to payments, payments, money or proceeds of or arising from the SAC charges;
  - the owner of the SAC property will be legally entitled to impose, bill, charge, collect and receive SAC charges in the aggregate sufficient to pay the interest on and principal of the SAC bonds in accordance with the indenture, to pay the fees and expenses of servicing the SAC bonds, to replenish the capital subaccount to the required capital level until the SAC bonds are paid in full or until the last date permitted for the collection of payments in respect of the SAC charges under the financing order, whichever is earlier, and the customer class allocation percentage methodology in the financing order does not prohibit the owner of the SAC property from obtaining adjustments and effecting allocations to the SAC charges in order to collect payments of such amounts; and
  - the SAC property will not be subject to any lien other than any lien created in favor of the trustee for the benefit of the SAC bondholders pursuant to the Securitization Law or any lien that may be granted under the basic documents;
- as of the date of issuance, the information describing the seller under the caption "The Depositor, Seller, Initial Servicer and Sponsor" in this prospectus is true and correct in all material respects;
- there is no order by any court providing for the revocation, alteration, limitation or other impairment of the Securitization Law, the financing order, the issuance advice letter, the SAC property or the charges or any rights arising under any of them or that seeks to enjoin the performance of any obligations under the financing order; and
- after giving effect to the sale of the SAC property under the sale agreement, APCo:
  - is solvent and expects to remain solvent;

- is adequately capitalized to conduct its business and affairs considering its size and the nature of its business and intended purposes;
- is not engaged and does not expect to engage in a business for which its remaining property represents an unreasonably small portion of its capital;
- reasonably believes that it will be able to pay its debts as they become due; and
- is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

The seller will not make any representation or warranty, express or implied, that billed charges will be actually collected from customers.

Certain of the representations and warranties that the seller makes in the sale agreement involve conclusions of law. The seller makes those representations and warranties not on the basis that the seller purports to be a legal expert or to be rendering legal advice, but rather to reflect the parties' good faith understanding of the legal basis on which the parties are entering into the sale agreement and the other basic documents and the basis on which the SAC bondholders are purchasing the SAC bonds, and to reflect the parties' agreement that, if such understanding turns out to be incorrect or inaccurate, the seller will be obligated to indemnify us and its permitted assigns (to the extent required by and in accordance with the sale agreement), and that we and along with seller's permitted assigns will be entitled to enforce any rights and remedies under the basic documents, on account of such inaccuracy to the same extent as if the seller had breached any other representations or warranties thereunder.

The representations and warranties made by the seller will survive the execution and delivery of the sale agreement. The seller will not be in breach of any representation or warranty as a result of any change in law occurring after the issuance date including by means of any legislative enactment, constitutional amendment or voter initiative that renders any of the representations or warranties untrue.

APCo's Covenants

In the sale agreement, APCo will make the following covenants:

- So long as the SAC bonds are outstanding, APCo (a) will keep in full force and effect its existence and remain in good standing under the laws of the jurisdiction of its organization; (b) will obtain and preserve its qualification to do business in each jurisdiction in which it operates, in each case to the extent that in each such jurisdiction such existence or qualification is or shall be necessary to protect the validity and enforceability of the sale agreement, the other basic documents to which it is a party and each other instrument or agreement necessary or appropriate to the proper administration of the sale agreement and the transactions contemplated hereby or to the extent necessary for it to perform its obligations thereunder; and (c) will continue to operate its electric transmission and distribution system to provide service to its customers (or, if transmission and distribution are split, to provide distribution service directly to its customers);
- Except for the conveyances under the sale agreement or any lien under the Securitization Law in favor of the trustee for the benefit of the SAC bondholders and any lien that may be granted under the basic documents the seller will not sell, pledge, assign or transfer, or grant, create, incur, assume or suffer to exist any lien on, any of the SAC property, or any interest therein, and the seller will defend the right, title and interest of us and of the trustee on behalf of the SAC bondholders, in, to and under the SAC property against all claims of third parties claiming through or under the seller. The seller also covenants that, in its capacity as seller, it will not at any time assert any lien against, or with respect to, any of the SAC property;
- In the event that the seller receives any SAC charge collections or other payments in respect of the SAC charges or the proceeds thereof other than in its capacity as the servicer, the seller agrees to pay to

the servicer, on behalf of us, all payments received by it in respect thereof as soon as practicable after receipt thereof. Prior to such remittance to the servicer by the seller, the seller agrees that such amounts are held by it in trust for us and the trustee. If the seller becomes a party to: (a) any future sale agreement selling to any other affiliate property consisting of charges similar to the SAC charge sold pursuant to the sale agreement, payable by customers pursuant to the Securitization Law or any similar law; or (b) another future trade receivables purchase and sale arrangement or similar arrangement, or an extension to any such existing arrangement, under which seller sells all or any portion of its accounts receivables, in each case the seller and the other parties to such arrangement shall enter into an amendment or joinder to the intercreditor agreement to acknowledge the rights of the seller, us and any future seller and issuer;

- The seller will notify us and the trustee promptly after becoming aware of any lien on any of the SAC property, other than the conveyances under the sale agreement, or any lien under the basic documents or under the Securitization Law or the Uniform Commercial Code in favor of the trustee for the benefit of the SAC bondholders;
- The seller agrees to comply with its organizational or governing documents and all laws, treaties, rules, regulations and determinations of any governmental authority applicable to it, except to the extent that failure to so comply would not materially adversely affect our or the trustee's interests in the SAC property or under the basic documents to which the seller is a party or the seller's performance of its obligations under the basic documents to which the seller is a party;
- So long as any of the SAC bonds are outstanding, the seller will:
  - treat the SAC property as our property for all purposes other than for financial reporting, state or federal regulatory or tax purposes, and treat the SAC bonds as debt for all purposes and specifically as debt of us, other than for financial reporting, state or federal regulatory or tax purposes;
  - solely for the purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, for purposes of state, local and other taxes, the seller agrees to treat the SAC bonds as indebtedness of the seller (as the sole owner of us) secured by the SAC bond collateral unless otherwise required by appropriate taxing authorities;
  - disclose in its financial statements that we and not the seller are the owner of the SAC property and that our assets are not available to pay creditors of the seller or its affiliates (other than us);
  - not own or purchase any SAC bonds; and
  - disclose the effects of all transactions between us and the seller in accordance with generally accepted accounting principles.
- The seller agrees that, upon the sale by the seller of SAC property to us pursuant to the sale agreement:
  - to the fullest extent permitted by law, including, applicable Virginia Commission's regulations and the Securitization Law, we will have all of the rights originally held by the seller with respect to the SAC property, including the right (subject to the terms of the servicing agreement) to exercise any and all rights and remedies to collect any amounts payable by any customer in respect of the SAC property, notwithstanding any objection or direction to the contrary by the seller (and the seller agrees not to make any such objection or to take any such contrary action); and
  - any payment by any customer directly to us shall discharge such customer's obligations, if any, in respect of the SAC property to the extent of such payment, notwithstanding any objection or direction to the contrary by the seller.

- So long as any of the SAC bonds are outstanding:
  - in all proceedings relating directly or indirectly to the SAC property, the seller shall affirmatively certify and confirm that it has sold all of its rights and interests in and to such property (other than for financial reporting or tax purposes);
  - the seller shall not make any statement or reference in respect of the SAC property that is inconsistent with our ownership interest (other than for financial accounting or tax purposes or as required by state or federal regulatory purposes);
  - the seller shall not take any action in respect of the SAC property except solely in its capacity as the servicer thereof pursuant to the servicing agreement or as otherwise contemplated by the basic documents;
  - the seller shall not sell "securitized asset cost property" or other similar property under a separate "financing order" in connection with the issuance of additional "securitized asset cost bonds" or other similar bonds (each term as defined in the Securitization Law) unless the rating agency condition shall have been satisfied; and
  - neither the seller nor us will take any action, file any tax return, or make any election inconsistent with the treatment of us, for purposes of federal taxes and, to the extent consistent with applicable state, local and other tax law, for purposes of state, local and other taxes, as a disregarded entity that is not separate from the seller (or, if relevant, from another sole owner of us).
- The seller will execute and file the filings required by law to fully preserve, maintain, protect and perfect our ownership interest in and the trustee's lien on the SAC property, including all filings required under the Securitization Law and the Uniform Commercial Code relating to the transfer of the ownership of the rights and interests related to the SAC bonds under the financing order by the seller to us and the pledge of the SAC property to the trustee. The seller will institute any action or proceeding necessary to compel performance by the Virginia Commission, the Commonwealth of Virginia or any of their respective agents of any of their obligations or duties under the Securitization Law, the financing order or any issuance advice letter. The seller also will take those legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case, as may be reasonably necessary (a) to protect us, the SAC bondholders and the trustee from claims, state actions or other actions or proceedings of third parties which, if successfully pursued, would result in a breach of any representation or warranty of the seller in the sale agreement and (b) to block or overturn any attempts to cause a repeal of, modification of or supplement to the Securitization Law, the financing order, any issuance advice letter or the rights of SAC bondholders by legislative enactment or constitutional amendment that would be materially adverse to us, the trustee or the SAC bondholder or which would otherwise cause an impairment of our rights or those of the SAC bondholders and the trustee. The costs of any such actions or proceedings will be payable by the seller;
- Even if the sale agreement or the indenture is terminated, the seller will not, prior to the date which is one year and one day after the termination of the indenture and payment in full of the SAC bonds or any other amounts owed under the indenture, petition or otherwise invoke or cause us to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against us under any federal or state bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of our property, or ordering the winding up or liquidation of our affairs;
- So long as any of the SAC bonds are outstanding, the seller will, and will cause each of its subsidiaries to, pay all material taxes, assessments and governmental charges imposed upon it or any of its properties or assets or with respect to any of its franchises, business, income or property before any penalty accrues if the failure to pay any such taxes, assessments and governmental charges would, after any applicable grace periods, notices or other similar requirements, result in a lien on SAC property;

provided that no such tax need be paid if the seller or any of its affiliates is contesting the same in good faith by appropriate proceedings promptly instituted and diligently conducted and if the seller or such affiliate has established appropriate reserves as shall be required in conformity with generally accepted accounting principles;

- The seller will not withdraw the filing of any issuance advice letter with the Virginia Commission;
- The seller will make all reasonable efforts to keep the securitization financing rider in full force and effect at all times;
- Promptly after obtaining knowledge of any breach in any material respect (without regard to any materiality qualifier contained in such representation, warranty or covenant) of its representations, warranties or covenants in the sale agreement, the seller will notify us, the trustee, the Virginia Commission and the rating agencies in writing of the breach;
- The seller will use the proceeds of the sale of the SAC property in accordance with the financing order and the Securitization Law; and
- Upon request by us, the seller shall execute and deliver such further instruments and do such further acts as may be reasonably necessary to carry out more effectually the provisions and purposes of the sale agreement.

APCo's Obligation to Indemnify Us and the Trustee and to Take Legal Action

Under the sale agreement, APCo is obligated to indemnify us and the trustee (for itself and on behalf of the bondholders) and each of our and the trustee's officers, directors, employees and agents against:

- any and all taxes (other than any taxes imposed on the SAC bondholders solely as a result of their ownership of the SAC bonds) that may at any time be imposed on or asserted against any of those persons under existing law as of the issuance date as a result of (a) the sale of the SAC property by the seller to us, the acquisition or holding of the SAC property by us, or the issuance and sale by us of the SAC bonds, (b) our ownership and assignment of the SAC property, the issuance and sale by us of the SAC bonds or the other transactions contemplated in the basic documents, including any franchise, sales, gross receipts, general corporation, tangible personal property, privilege or license taxes, but excluding any taxes imposed as a result of a failure of that person to withhold or remit taxes with respect to payments on any SAC bond, in the event and to the extent such taxes are not recoverable as ongoing financing costs, it being understood that the SAC bondholders will be entitled to enforce their rights against APCo solely through a cause of action brought for their benefit by the trustee in accordance with the terms of the indenture; and
- all liabilities, obligations, claims, damages, payments, costs or expenses of any kind whatsoever that may be imposed on or asserted against any such person, together with any reasonable and documented costs and expenses incurred by that person, in each case as a result of APCo's breach of any of its representations, warranties or covenants contained in the sale agreement.

However, APCo is not required to indemnify the trustee or related parties against any liabilities, obligations, claims, damages, payments, costs or expenses incurred by them through their own willful misconduct, bad faith or gross negligence. APCo is not required to indemnify a party for any amount paid or payable by such party in the settlement of any action, proceeding or investigation without the prior written consent of APCo which consent shall not be unreasonably withheld.

These indemnification obligations will rank equally in right of payment with other general unsecured obligations of APCo.

The sale agreement will also require APCo to institute any action or proceeding necessary to compel performance by the Virginia Commission, the Commonwealth of Virginia or any of their respective agents, of

any of their obligations or duties under the Securitization Law, the financing order or the issuance advice letter. Except for the foregoing and subject to APCo's further covenant to fully preserve, maintain and protect our interests in the SAC property, APCo will not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its obligations under the sale agreement.

Successors to APCo

Any entity (a) into which the seller may be merged, converted or consolidated (by operation of law or otherwise), (b) that may result from any merger, conversion or consolidation to which the seller shall be a party, (c) that may succeed to the properties and assets of the seller substantially as a whole, (d) which is a successor entity resulting from the division of the seller into two or more entities, or (e) which otherwise succeeds to all or substantially all of the electric transmission and distribution business of the seller, in each case may assume the rights and obligations of APCo under the sale agreement. If transmission and distribution are not provided by a single entity after any such transaction, the entity which provides wire service directly to customers may assume APCo's rights and obligations under the sale agreement. So long as the conditions of any such assumption are met, APCo will automatically be released from its obligations under the sale agreement. Such conditions include that:

- immediately after giving effect to such transaction, no representation, warranty or covenant made in the sale agreement by APCo will have been breached in any material respect, and no servicer default, to the extent that APCo is the servicer, and no event that, after notice or lapse of time, or both, would become a servicer default will have occurred and be continuing;
- the successor must execute an agreement of assumption to perform all of the obligations of the seller under the sale agreement;
- the rating agencies will have received prior written notice of the transaction; and
- officers' certificates and opinions of counsel specified in the sale agreement will have been delivered to us and the trustee.

Amendment

The sale agreement may be amended in writing by the seller and us with ten business days' prior written notice given to the rating agencies to (a) cure any ambiguity, to correct or supplement any provisions in the sale agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in the sale agreement or of modifying in any manner the rights of the SAC bondholders; provided, however, that we and the trustee shall receive an officer's certificate stating that the execution of such amendment shall not adversely affect in any material respect the interests of any SAC bondholder without the consent of the SAC bondholders of not less than a majority of the outstanding principal amount of the SAC bonds; or (b) conform the provisions hereof to the description of the sale agreement in this prospectus. Promptly after the execution of any such amendment or consent, we will furnish copies of such amendment or consent to each of the rating agencies.

In addition, the sale agreement may be amended in writing by the seller and us with: (a) prior written consent of the trustee; (b) the satisfaction of the rating agency condition; and (c) if any amendment would adversely affect in any material respect the interest of any SAC bondholders, the consent of the SAC bondholders of not less than a majority of the outstanding principal amount of the SAC bonds.

THE SERVICING AGREEMENT

The following summary describes the material terms and provisions of the servicing agreement pursuant to which the servicer will undertake to service the SAC property. We have filed the form of the servicing agreement with the SEC as an exhibit to the registration statement of which this prospectus forms a part, and we urge you to read such document in its entirety.

Servicing Procedures

The servicer, as our agent, will manage, service and administer, and bill and collect payments in respect of the SAC property according to the terms of the servicing agreement. The servicer's duties will include:

1. management, servicing and administration of the SAC property;
2. obtaining meter reads, calculating usage, billing, collections and posting of all payments in respect of SAC property (including the SAC charges);
3. responding to inquiries by customers, the Virginia Commission, or any other governmental authority with respect to the SAC property (including the SAC charges);
4. investigating and handling delinquencies (and furnishing reports with respect to such delinquencies to us), processing and depositing collections and making periodic remittances;
5. furnishing periodic reports to us, the trustee and the rating agencies;
6. making all required filings with the Virginia Commission and taking such other action as may be necessary to perfect our ownership interests in and the trustee's first priority lien on and security interest, in the SAC property;
7. making all required filings and taking such other action as may be necessary to perfect and maintain the perfection and priority of the trustee's lien on and security interest in all SAC bond collateral;
8. selling, as our agent, defaulted or written-off accounts in accordance with the servicer's usual and customary practices and taking all necessary action in connection with the true-up adjustments; and
9. performing such other duties as may be specified under the financing order to be performed by the servicer.

The servicer is required to notify us, the trustee and the rating agencies in writing if it becomes aware of any requirement of law or Virginia Commission regulations promulgated after the execution of the servicing agreement that have a material adverse effect on the servicer's ability to perform its duties under the servicing agreement. The servicer is also authorized to execute and deliver documents and to make filings and participate in proceedings on our behalf.

In addition, upon our reasonable request or the reasonable request of the trustee, any rating agency or the Virginia Commission, the servicer will provide to us, the trustee, the applicable rating agency or the Virginia Commission, public financial information or any material information regarding the SAC property to the extent it is reasonably available to the servicer without undue cost or burden, as may be reasonably necessary and permitted by law to enable us, the trustee or the rating agencies to monitor the servicer's performance (provided, however, that any such request by the trustee will not create an obligation for the trustee to monitor the servicer's performance) and, so long as any SAC bonds are outstanding, within a reasonable time after written request thereof, any information available to the servicer or reasonably obtainable by it without undue cost or burden that is necessary to calculate the SAC charges applicable to each customer class. The servicer will also prepare any reports required to be filed by us with the SEC and will cause to be delivered required opinions of counsel to the effect that all filings necessary to preserve and protect the interests of the trustee in the SAC property have been made.

Servicing Standards and Covenants

The servicing agreement will require the servicer, in servicing and administering the SAC property, to employ or cause to be employed procedures and exercise or cause to be exercised the same care and diligence it customarily employs and exercises with respect to similar assets for its own account and, if applicable, for others.

The servicing agreement will require the servicer to:

1. manage, service, administer and make collections in respect of the SAC property with reasonable care and in material compliance with applicable requirements of law, including all applicable regulations of the Virginia Commission, using the same degree of care and diligence that the service exercises with respect to similar assets for its own account, and if applicable, for others;
2. follow customary standards, policies and procedures in performing its duties that are customary in the electric transmission and distribution industry in the Commonwealth of Virginia;
3. use all reasonable efforts, consistent with its customary servicing procedures, to enforce, and maintain rights in respect of, the SAC property and to impose, bill, charge, collect, receive and adjust the SAC charges;
4. comply with all requirements of law including all applicable regulations of the Virginia Commission applicable to and binding on it relating to the SAC property;
5. file and maintain the effectiveness of Uniform Commercial Code financing statements with respect to the property transferred under the sale agreement; and
6. take such other action on our behalf to ensure that the lien of the trustee on the SAC bond collateral remains perfected and of first priority.

The servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of all or any portion of the SAC property, which, in the servicer's judgment, may include the taking of legal action, at our expense but subject to the priority of payments set forth in the indenture.

The servicer is responsible for instituting any proceeding to compel performance by the Commonwealth of Virginia or the Virginia Commission of their respective obligations under the Securitization Law, the financing order, any issuance advice letter, any true-up adjustment or any tariff. The servicer is also responsible for instituting any proceeding or administrative actions as may be reasonably necessary to block or overturn any attempts to cause a repeal of, modification of, judicial invalidation of, or supplement to, the Securitization Law or the financing order which would be detrimental to the interests of the SAC bondholders or which would cause an impairment of the rights of us or the SAC bondholders. In any proceedings related to the exercise of the power of eminent domain by any municipality to acquire a portion of APCo's electric distribution facilities, the servicer shall assert that the court ordering such condemnation must treat such municipality as a successor to APCo under the Securitization Law and financing order. The servicing agreement also designates the servicer as the custodian of our records and documents. The servicing agreement requires the servicer to indemnify us, our independent managers and the trustee (for itself and for your benefit) for any negligent act or omission relating to the servicer's duties as custodian, except in the case of willful misconduct, bad faith or negligence of us, any independent manager or the trustee. The servicing agreement also requires the servicer to indemnify customers for any loss that results from the service's breach of the servicing agreement.

SAC Charge Adjustment Process

Mandatory True-Ups. Among other things, the servicing agreement will require the servicer to file true-up adjustment requests at least annually to correct any under-collections or over-collections and to ensure the projected recovery of amounts sufficient to provide timely payment of principal and interest on the SAC bonds and all other financing costs (including any necessary replenishment of the capital subaccount). For more

information on the true-up process, please read "APCo's Financing Order—True-Ups." These adjustment requests are to be based on actual collected SAC charges and updated assumptions by the servicer as to projected future usage during the next period, expected delinquencies and write-offs and future payments and expenses relating to the SAC property and the SAC bonds. The servicer agrees to calculate these adjustments to:

- correct any under-collections or over-collections; and
- to ensure the projected recovery of amounts sufficient to provide timely payment of the scheduled principal of and interest on the SAC bonds and all other financing costs (including any necessary replenishment of the capital subaccount), consistent with the methodology described in the financing order.

The servicer will agree to file adjustment requests on each calculation date for us as specified in the servicing agreement. In accordance with the financing order, the Virginia Commission staff has 30 days to approve the adjustments. Any adjustment to the allocation of SAC charges among customer classes may only be made through a non-standard true-up adjustment, which requires a proposed effective date of at least 30 days after the filing. The adjustments to the SAC charges are expected to occur on each applicable adjustment date.

Semi-Annual or Quarterly True-Ups. The servicer will implement a semi-annual adjustment (and, beginning 12 months prior to the scheduled final payment date of the last maturing tranche of the SAC bonds, quarterly) if the servicer forecasts that SAC charge collections during the current calculation period will be insufficient:

- to make all scheduled payments of principal, interest, and other amounts in respect of the SAC bonds on a timely basis;
- to replenish any draws upon the capital subaccount; and/or
- to pay ongoing financing costs on a timely basis.

Interim True-Ups. The servicer may also make interim true-up adjustments more frequently at any time during the term of the SAC bonds:

- if the servicer forecasts that SAC charge collections during the then current calculation period will be insufficient to make all scheduled payments of principal, interest and other financing costs in respect of the SAC bonds on a timely basis; and/or
- to replenish any draws upon the capital subaccount.

Non-Standard True-Up. Upon the occurrence of a significant and sustained change (as defined in the following sentence), the servicer may submit a non-standard true-up adjustment rider to the Virginia Commission to reallocate SAC charges among customer classes.

A "**significant and sustained change**" is deemed to have occurred if the forecasted load of any customer class for the upcoming remittance period is projected to increase or decrease by ten percent or more compared to the original projected load for that class as set forth in the financing order or in the most recent application of the true-up mechanism and such changes are projected to be sustained. The non-standard true-up adjustment rider will include the proposed allocation among customer classes, supporting data and analysis demonstrating the magnitude and expected duration of the load shift, the resulting impact on class allocations, and a proposed effective date that is at least 30 days after the filing date of the rider. If the Virginia Commission approves the non-standard true-up adjustment rider or does not object for the reasons described in the financing order within the applicable 30-day response period, the servicer will implement the adjustment as of the proposed effective date. If the Virginia Commission objects for the reasons described in the financing order within that period, the servicer may revise and resubmit the rider to address the Virginia Commission's stated reasons. Any non-standard true-up will not be implemented if it would cause a suspension, withdrawal or downgrade of any then-current credit rating of the SAC bonds.

Remittances to Collection Account

The servicer will remit estimated collection payments on the SAC charges to the trustee for deposit to the general subaccount of the collection account each business day. For a description of the allocation of the deposits, please read "Description of the SAC Bonds—How Funds in the Collection Account will be Allocated" in this prospectus. Until SAC charge collections are remitted to the collection account, the servicer will not be required to segregate those amounts from its general funds. Please read "Risk Factors—Risks Associated with Potential Bankruptcy Proceedings of the Seller or the Servicer" in this prospectus.

The servicer will remit to the trustee SAC charge collections based on its estimated system-wide charge-off percentage and the average number of days outstanding of bills. No less often than annually, the servicer will reconcile remittances of estimated payments arising from SAC charges with actual SAC charge payments received by the servicer to more accurately reflect the amount of billed SAC charges that should have been remitted, based on the amounts actually received. To the extent the remittances of estimated payments arising from the SAC charge exceed the amounts that should have been remitted based on actual system-wide charge-offs, the servicer will be entitled to receive a payment from us in an amount equal to the excess remittance, or to withhold the excess amount from any subsequent remittance to the trustee. To the extent the remittances of estimated payments arising from the SAC charges are less than the amount that should have been remitted, the servicer will remit the amount of the shortfall to the trustee within five business days. Although the servicer will remit estimated payments arising from the SAC charges to the trustee, the servicer is not obligated to make any payments on the SAC bonds.

In the event that the servicer makes changes to its current computerized customer information system which would allow the servicer to track actual SAC charge payments and/or otherwise monitor payment and collection activity more efficiently or accurately than is being done today, the servicing agreement will allow the servicer to substitute actual remittance procedures for the estimated remittance procedures described above and otherwise modify the remittance procedures described above as may be appropriate in the interests of efficiency, accuracy, cost and/or system capabilities. However, the servicer will not be allowed to make any modification or substitution that will materially adversely affect the SAC bondholders. The servicer must also give written notice to us, the trustee and the rating agencies of any such computer system changes no later than 60 business days after the date on which all retail customer accounts are billed on the new system.

Servicer Compensation

The servicer will be entitled to receive an annual servicing fee until the retirement of the SAC bonds in an amount equal to:

- 0.05% of the aggregate initial principal amount of the SAC bonds; or
- if neither APCo nor any of its affiliates is the servicer, an amount agreed upon by the successor servicer and the trustee (acting at the written direction of the holders of a majority in principal amount of the SAC bonds) not to, unless the Virginia Commission consents, exceed 0.60% of the aggregate initial principal amount of all outstanding SAC bonds.

The servicing fee shall be paid to the servicer by the trustee, semi-annually, with half of the servicing fee being paid on each payment date (which amount will be pro-rated for the first and final payment date) in accordance with the priorities of payment set forth in indenture.

In addition, the servicer shall be entitled to be reimbursed by us for filing fees and fees and expenses for printing, attorneys, accountants or other professional services retained by, and other incremental out-of-pocket third-party costs of, incurred for us and paid for by the servicer (or procured by the servicer on behalf of us and paid for by the servicer) to meet our obligations under the basic documents. The servicing fee for the SAC bonds, together with any portion of the servicing fee that remains unpaid from prior payment dates, will be paid solely to

the extent funds are available therefor as described under "Description of the SAC Bonds—How Funds in the Collection Account Will Be Allocated" in this prospectus. The servicing fee for the SAC bonds will be paid prior to the payment of or provision for any amounts in respect of interest on and principal of the SAC bonds.

APCo's Representations and Warranties as Servicer

In the servicing agreement, the servicer will represent and warrant, as of the issuance date of the SAC bonds or as of such other dates as expressly provided below, among other things, that:

1. the servicer is duly organized and validly existing and is in good standing under the laws of the Commonwealth of Virginia, with the requisite corporate or other power and authority to own its properties as such properties are owned on the issuance date and to conduct its business as such business is conducted by it on the issuance date, and to execute, deliver and carry out the terms of the servicing agreement and the intercreditor agreement (and joinder), and had at all relevant times, and has, the requisite power, authority and legal right to service the SAC property and to hold the SAC property records as custodian;

2. the servicer is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the SAC property as required by the servicing agreement and the intercreditor agreement (and joinder)) requires such qualifications, licenses or approvals (except where the failure to so qualify would not be reasonably likely to have a material adverse effect on the servicer's business, operations, assets, revenues or properties or to its servicing of the SAC property);

3. the execution, delivery and performance of the servicing agreement have been duly authorized by all necessary action on the part of the servicer under its organizational or governing documents and laws;

4. each of the Servicing Agreement and the intercreditor agreement (and joinder) constitutes a legal, valid and binding obligation of the servicer enforceable against the servicer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law;

5. the consummation of the transactions contemplated by the servicing agreement and the intercreditor agreement (and joinder) (to the extent applicable to the servicer's responsibilities thereunder) and the fulfillment of the terms of each will not conflict with, result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the organizational documents of the servicer, or any indenture or other agreement or instrument to which the servicer is a party or by which it or any of its property is bound, nor (a) result in the creation or imposition of any lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than any lien or security interest that may be granted under the basic documents or any lien created pursuant to § 56-249.8 E 2 of the Securitization Law); or (b) violate any existing law or any existing order, rule or regulation applicable to the servicer of any governmental authority having jurisdiction over the servicer or its properties;

6. there are no proceedings pending and, to the servicer's knowledge, there are no proceedings threatened and, to the servicer's knowledge, there are no investigations pending or threatened, before any governmental authority having jurisdiction over the servicer or its properties involving or relating to the servicer or us or, to the servicer's knowledge, any other person: (a) asserting the invalidity of the servicing agreement or any of the other basic documents; (b) seeking to prevent the issuance of the SAC bonds or the consummation of any of the transactions contemplated by the servicing agreement or any of the other basic documents; (c) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the servicer of its obligations under, or the validity or enforceability of, the servicing agreement, any of the other basic documents or the SAC

bonds; or (d) seeking to adversely affect the U.S. federal income tax or state income or franchise tax classification of the SAC bonds as debt;

7. except for the filings to be made under the Securitization Law, no governmental approval, authorization, consent, order or other action of, or filing with, any governmental authority is required in connection with the execution and delivery by the servicer of the servicing agreement or the intercreditor agreement (and joinder), the performance by the servicer of the transactions contemplated thereby or the fulfillment by the servicer of the terms of each, except those that have been obtained or made, those that the servicer is required to make in the future pursuant to the true-up adjustments and those that the servicer may need to file in the future to continue the effectiveness of any financing statement filed under the Securitization Law and the Uniform Commercial Code; and

8. each report and certificate delivered in connection with the issuance advice letter or delivered in connection with any filing made to the Virginia Commission by the servicer on behalf of us with respect to the SAC charges or the true-up adjustments will constitute a representation and warranty by the servicer that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that, to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the Servicer with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to the servicer on the date such report or certificate is delivered).

The servicer is not responsible for, and shall have no liability as a result of, any action, decision, ruling or other determination, made or not made, or any delay (other than any delay resulting from the servicer's failure to make any filings required to implement the true-up adjustments as required by the servicing agreement in a timely and correct manner or any breach by the servicer of its duties under the servicing agreement that adversely affects the SAC property or in connection with any true-up adjustment or the approval of any revised SAC charges and the scheduled adjustments thereto) by the Virginia Commission in any way related to the SAC property or in connection with any true-up adjustments.

Except to the extent that the servicer is liable under its indemnification obligations under the servicing agreement, the servicer shall have no liability relating to the calculation of any revised SAC charges and the scheduled adjustments thereto, including as a result of any inaccuracy of any of the assumptions made in such calculation regarding expected energy usage volume and the weighted average days outstanding, write-offs and our estimated expenses and fees, so long as the servicer has acted in good faith and has not acted in a grossly negligent manner in connection therewith.

Under the servicing agreement, the servicer will agree to indemnify, defend and hold harmless us, the trustee (for itself and on behalf of the SAC bondholder) and any independent manager, and each of their respective trustees, officers, directors, employees and agents against any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever that may be imposed upon, incurred by or asserted against any of those persons as a result of:

- the servicer's willful misconduct, bad faith or gross negligence in the performance of its duties or observance of its covenants under the servicing agreement or its reckless disregard of its obligations and duties under the servicing agreement or intercreditor agreement (and joinder);
- the servicer's breach in any material respects of any of its representations and warranties contained in the servicing agreement or the intercreditor agreement (and joinder) that results in a servicer default; or
- any litigation or related expenses relating to the servicer's status or obligations as servicer (other than any proceeding the servicer is required to institute under the servicing agreement).

The servicer will not be liable to any such party, however, for any reasonable costs, reasonable expenses, obligations, payments, claims, losses, damages and liabilities of any kind whatsoever, resulting from the willful

misconduct, bad faith or gross negligence of the party seeking indemnification or resulting from a breach of a representation or warranty made by such person seeking indemnification hereunder in any of the basic documents that gives rise to the servicer's breach. The indemnities described above will survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Securitization Law or the financing order and shall survive the resignation or removal of the trustee or any independent manager or the termination of the servicing agreement and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorney's fees and expenses and the reasonable fees, out-of-pocket expenses and costs incurred in connection with any action, claim or suit brought to enforce the trustee's right to indemnification).

The servicer will release us, our managers and the trustee from any and all claims whatsoever relating to the SAC property or the servicer's servicing activities with respect thereto, other than actions, claims, and demands arising from bad faith, willful misconduct or negligence of the parties.

The Virginia Commission will enforce the servicer's obligations imposed by the financing order, the Virginia Commission's applicable substantive rules, and applicable statutory provisions.

The Servicer Will Provide Statements to Us, the Virginia Commission and the Trustee

Not later than five servicer business days prior to each payment date or special payment date, the servicer will deliver a draft of a written report to the trustee, which shall include all of the following information (to the extent applicable), with respect to such payment date or special payment date or the period since the previous payment date, as applicable:

- the amount of the payment to SAC bondholders allocable to principal, if any;
- the amount of the payment to SAC bondholders allocable to interest;
- the aggregate outstanding amount of the SAC bonds, before and after giving effect to any payments allocated to principal;
- the difference, if any, between the aggregate outstanding amount of the SAC bonds and the outstanding amount specified in the expected amortization schedule;
- any other transfers and payments to be made on such payment date or special payment date, including amounts paid to the trustee and to the servicer; and
- the amounts on deposit in the capital subaccount and the excess funds subaccount, after giving effect to the foregoing payments.

On or prior to each payment date or special payment date, the servicer will deliver the final written report described above to us, the Virginia Commission and the rating agencies.

The Servicer Will Provide Assessments Concerning Compliance with the Servicing Agreement

The servicing agreement will provide that the servicer will furnish annually to us, the Virginia Commission, the trustee and the rating agencies, on or before March 31 of each year, beginning March 31, 2027 or, if earlier, on the date on which APCo's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, certificates from a responsible officer of the servicer, containing and certifying as to the statements of compliance required by Item 1122(a) (or any successor or similar items or rule) and Item 1123 containing (or any successor or similar items or rule) of Regulation AB, during the preceding 12 months ended December 31 (or preceding period since the closing date of the issuance of the SAC bonds in the case of the first statement).

The servicing agreement will also provide that a firm of independent certified public accountants will furnish to us, the Virginia Commission, the trustee and the rating agencies, on or before March 31 of each year,

beginning March 31, 2027, or, if earlier, on the date on which APCo's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, a report, a report regarding the servicer's assessment of compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB during the immediately preceding 12 months ended December 31, in accordance with paragraph (b) of Rule 13a-18 and Rule 15d-18 of the Exchange Act and Item 1122 of Regulation AB, identifying the results of such procedures and including any exceptions noted. This report, which is referred to in this prospectus as the "annual accountant's report," will state that the accounting firm has performed certain procedures, agreed between the servicer and such accountants, in connection with the servicer's compliance with its obligations under the sale agreement during the preceding calendar year, identifying the results of the procedures and including any exceptions to the procedures relating to the servicing of the SAC property.

The servicing agreement will also require that the servicer prepare and submit to the Director of the Division of Utility Accounting and Finance of the Virginia Commission, no later than March 31 of each year (or such other date as may be required by the Virginia Commission or the financing order), an annual report covering the prior year. This report, which is referred to in this prospectus as the "commission annual report," shall be submitted by the servicer in electronic format, with all schedules and supporting data provided in Microsoft Excel format, as required by the financing order. The commission annual report shall include the following information for the reporting period, itemized by month and by dollar amount, and by FERC account where applicable a schedule:

- of the SAC charges collected by the servicer from customers and remitted to us, by month and by dollar amount;
- that quantifies the fees paid by us to the servicer, by type of fee, by month, by FERC account where the proceeds from each fee are recorded on the servicer's books, and by dollar amount;
- that quantifies the servicer's internal and external costs to carry out its responsibilities under the servicing agreement and the administration agreement, by agreement, by type of cost, by month, by FERC account where each cost is recorded on the servicer's books, and by dollar amount; and
- that quantifies any other charges or fees to or from the servicer and us, by type of charge or fee, by month, by FERC account where each charge or fee is recorded on the servicer's books, and by dollar amount.

The commission annual report shall (a) be certified by a responsible officer of the servicer as to its accuracy and completeness and (b) include such additional information as the Virginia Commission may reasonably request from time to time in connection with the administration and oversight of the SAC charges, provided that such information is reasonably available to the servicer without undue cost or burden.

Matters Regarding APCo as the Servicer

The servicing agreement will provide that APCo may not resign from the obligations and duties imposed on it as servicer unless APCo delivers an opinion of external counsel that the performance of its duties under the servicing agreement shall no longer be permissible under applicable law. A resignation by APCo as servicer will not become effective until a successor servicer has assumed the servicing obligations and duties of APCo under the servicing agreement.

Except as expressly provided in the servicing agreement, neither the servicer, nor any of its directors, officers, employees and agents will be liable to us or any other person for any action taken or for refraining from taking any action pursuant to the servicing agreement or for good faith errors in judgment. However, the servicer, its directors, officers, employees, and agents will be liable to the extent this liability is imposed by reason of their willful misconduct, bad faith or gross negligence in the performance of their duties or by reason of reckless disregard of obligations and duties under the servicing agreement or the intercreditor agreement. The servicer and any of its directors, officers, employees or agents may rely in good faith on the advice of counsel or on any

document, prima facie properly executed and submitted by any person respecting any matters under the servicing agreement.

Under the servicing agreement, any person:

- into which the servicer may be merged, converted or consolidated and which is a jurisdictional successor;
- that may result from any merger, conversion or consolidation to which the servicer shall be a party and which is a jurisdictional successor;
- that may succeed to the properties and assets of the servicer in the Commonwealth of Virginia substantially as a whole;
- which results from the division of the servicer into two or more persons and which is a jurisdictional successor; or
- is otherwise a jurisdictional successor,

which person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the servicer as set forth in the servicing agreement, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that:

- immediately after giving effect to such transaction, no representation or warranty made pursuant to the servicing agreement shall have been breached and no servicer default and no event which, after notice or lapse of time, or both, would become a servicer default shall have occurred and be continuing;
- the servicer shall have delivered to us and the trustee an officer's certificate and an opinion of counsel from external counsel stating that such consolidation, conversion, merger, division or succession and such agreement of assumption complies with the servicing agreement and that all conditions precedent, if any, provided for in the servicing agreement relating to such transaction have been complied with;
- the servicer shall have delivered to us, the trustee and the rating agencies an opinion of counsel, from external counsel of the servicer, either (a) stating that, in the opinion of such counsel, all filings to be made by the servicer, including filings with the Virginia Commission pursuant to the Securitization Law and the Uniform Commercial Code, have been executed (if applicable) and filed and are in full force and effect that are necessary to fully preserve, perfect and maintain the priority of the interests of us and the liens of the trustee in the SAC property and reciting the details of such filings or (b) stating that, in the opinion of such counsel, no such action shall be necessary to maintain such interests;
- the servicer shall have delivered to us, the trustee and the rating agencies an opinion of counsel from independent tax counsel stating that, for U.S. federal income tax purposes, such consolidation, conversion, merger, division or succession and such agreement of assumption will not result in a material U.S. federal income tax consequence to us or the SAC bondholders; and
- the servicer shall have given the rating agencies prior written notice of such transaction.

So long as the conditions of any such assumptions are met, then the prior servicer will automatically be released from its obligations under the servicing agreement. The servicing agreement will permit the servicer to appoint any person to perform any or all of its obligations under the servicing agreement. However, unless the appointed person is an affiliate of APCo, the appointment must satisfy the rating agency condition. In all cases where an agent is appointed, the servicer will remain obligated and liable under the servicing agreement.

Events Constituting a Default by the Servicer

Servicer defaults under the servicing agreement if any one or more of the following events shall occur and be continuing:

1. any failure by the servicer to remit to the collection account, on behalf of us, any required remittance that shall continue unremedied for a period of five business days after the earlier of the date on which

(a) written notice of such failure is received by either servicer us or the trustee; or (b) such failure is actually known by a responsible officer of the servicer;

2. any failure on the part of the servicer to duly observe or to perform in any material respect any covenants or agreements of the servicer as set forth in the servicing agreement (other than as provided above or in this bullet "2."), or any other basic document to which it is a party, which failure shall (a) materially and adversely affect the rights of the SAC bondholders; and (b) continue unremedied for a period of 60 days after the earlier of the date on which (i) written notice of such failure, requiring the same to be remedied, shall have been given to the servicer by us (with a copy to the trustee) or to the servicer by the trustee or (ii) such failure is actually known by a responsible officer of the servicer;

3. any failure in any material respect by the servicer duly to perform its obligations to implement the true-up mechanism in the time and manner set forth therein, which failure continues unremedied for a period of five business days; or

4. any representation or warranty made by the servicer in the servicing agreement or any basic document proven to have been incorrect in any material respect when made, which has a material adverse effect on the SAC bondholders and which material adverse effect continues unremedied for a period of 60 days after the earlier of the date on which (a) written notice thereof, requiring the same to be remedied, shall have been delivered to the servicer (with a copy to the trustee) by us or the trustee or (b) such failure is actually known to a responsible officer of the servicer; or

5. certain events of bankruptcy, insolvency or liquidation of the servicer.

The Trustee's Rights if the Servicer Defaults

In the event a servicer default under the servicing agreement remains unremedied, the trustee, acting under the indenture may (if it is actually known by a responsible officer of the trustee) or, upon the written instruction of the holders evidencing not less than a majority of the outstanding amount of the SAC bonds, shall, in each case by notice then given in writing to the servicer (and to the trustee if given by the SAC bondholders) terminate all the rights and obligations of the servicer under the servicing agreement, other than the servicer's indemnification obligation and obligation to continue performing its functions as servicer until a successor servicer is appointed. Please read "The Servicing Agreement—The Replacement of APCo as Servicer with a Successor Servicer" in this prospectus.

In addition, when a servicer defaults, the bondholders of the SAC bonds (subject to the provisions of the indenture) and the trustee as beneficiary of any lien permitted by the Securitization Law will be entitled to:

1. apply to the Virginia Commission or the court of the City of Richmond, Virginia, for sequestration and payment of revenues arising with respect to the SAC property; and

2. foreclose on or otherwise enforce the lien on and security interests in any SAC property.

Please read "Risk Factors—Risks Associated with Potential Bankruptcy Proceedings of the Seller or the Servicer" and "How a Bankruptcy May Affect Your Investment" in this prospectus.

Waiver of Past Defaults

The trustee, acting at the written direction of the holders evidencing not less than a majority of the outstanding amount of the SAC bonds, may waive in writing any default by the servicer in the performance of its obligations in the servicing agreement and the associated consequences thereto, except where the default was due to failure by the servicer of making any required deposits to the collection account in accordance with the servicing agreement. Upon any such waiver of a past default, such default shall cease to exist, and any servicer default arising therefrom shall be deemed to have been remedied for every purpose of the servicing agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Promptly after the execution of any such waiver, the servicer shall furnish copies of such waiver to each of the rating agencies. The Replacement of APCo as Servicer with a Successor Servicer.

In the event of the Servicer's removal upon an event of default or resignation, the trustee shall upon the written direction and with the consent of the holders of at least a majority of the outstanding amount of the SAC bonds, shall, appoint a successor servicer with our prior written consent thereto (which consent shall not be unreasonably withheld), and the successor servicer shall accept its appointment by a written assumption in form reasonably acceptable to us and the trustee (acting at the written direction of the holders of at least a majority of the outstanding amount of the SAC bonds) and provide prompt written notice of such assumption to us and the rating agencies. If a successor servicer that is not an affiliate of APCo is appointed, the annual servicing fee may be increased to a level not to, unless the Virginia Commission consents, exceed 0.60% of the aggregate initial principal amount of the SAC bonds, paid semi-annually.

The Obligations of a Successor Servicer

If for any reason a third party assumes or succeeds to the role of the servicer under the servicing agreement, the servicing agreement will require the predecessor servicer to cooperate with us, the trustee and the successor servicer in terminating the predecessor servicer's rights and responsibilities under the servicing agreement, including the transfer to the successor servicer all documentation pertaining to the SAC property and all cash amounts then held by the predecessor servicer for remittance or subsequently acquired.

The servicing agreement will provide that, in the event the successor servicer is appointed as a result of a servicer default by the predecessor servicer, all reasonable costs and expenses (including reasonable attorney's fees and expenses) incurred in connection with transferring the SAC property records to the successor servicer and amending the servicing agreement to reflect such succession as servicer pursuant to the servicing agreement shall be paid by the predecessor servicer upon presentation of reasonable documentation of such costs and expenses. In all other cases, all reasonable costs and expenses (including reasonable attorneys' fees and expenses) incurred by the servicer in connection with transferring servicing responsibilities to the successor servicer shall be paid by us or the successor servicer from SAC charge collections available under the indenture, following presentation of reasonable documentation of such costs and expenses.

Amendment

The servicing agreement may be amended in writing by each of the servicer and us with the prior written consent of the trustee and the satisfaction of the rating agency condition; provided that any such amendment may not adversely affect in any material respect the interests of any holder of SAC bonds without the consent of the holders of not less than a majority of the outstanding principal amount of the SAC bonds. Promptly after the execution of any such amendment or consent, we will furnish copies of such amendment or consent to each of the rating agencies.

In addition, the servicing agreement may be amended in writing by the servicer and us with ten business days' prior written notice given to the rating agencies and the trustee, without the consent of any of the SAC bondholders, (a) to cure any ambiguity, to correct or supplement any provisions in the servicing agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in the servicing agreement or of modifying in any manner the rights of the SAC bondholders; provided, however, that such action shall not, as evidenced by an officer's certificate of the seller delivered to us and the trustee, adversely affect in any material respect the interests of any SAC bondholders; or (b) to conform the provisions of the servicing agreement to this prospectus. Promptly after the execution of any such amendment or consent, we will furnish copies of such amendment or consent to each of the rating agencies.

HOW A BANKRUPTCY MAY AFFECT YOUR INVESTMENT

Challenge to True Sale Treatment. APCo will represent and warrant that the transfer of the SAC property in accordance with the sale agreement constitutes a true and valid sale and assignment of the SAC property by APCo to us. It will be a condition of closing for the sale of the SAC property pursuant to the sale agreement that APCo will take the appropriate actions under the Securitization Law, including filing a notice of transfer of an interest in the SAC property, to perfect this sale. The Securitization Law provides that a transfer of SAC property by an electric utility to an assignee which the parties have in the governing documentation expressly stated to be a sale or other absolute transfer, in a transaction approved in a financing order, shall be treated as an absolute transfer of all the transferor's right, title and interest, as in a "true sale" under applicable creditors' rights principles, and not as a pledge or other financing, of the relevant SAC property. We and APCo will treat such a transaction as a sale under applicable law. However, we expect that the SAC bonds will be reflected as debt on AEP's consolidated financial statements. In addition, we anticipate that the SAC bonds will be treated as debt of APCo for federal income tax purposes. See "The Securitization Law—APCo and Other Utilities May Securitize Securitized Asset Costs and Related Financing and Ongoing Costs" and "Material U.S. Federal Income Tax Consequences." In the event of a bankruptcy of a party to the sale agreement, if a party in interest in the bankruptcy were to take the position that the transfer of the SAC property to us pursuant to that sale agreement was a financing transaction and not a true sale under applicable creditors' rights principles, there can be no assurance that a court would not adopt this position. Even if a court did not ultimately recharacterize the transaction as a financing transaction, the mere commencement of a bankruptcy of APCo and the attendant possible uncertainty surrounding the treatment of the transaction could result in delays in payments on the SAC bonds.

In that regard, we note that the bankruptcy court in *In re: LTV Steel Company, Inc., et al.*, 274 B.R. 278 (Bankr. N. D. Oh. 2001) issued an interim order that observed that a debtor, LTV Steel Company, which had previously entered into securitization arrangements with respect both to its inventory and its accounts receivable may have "at least some equitable interest in the inventory and receivables, and that this interest is property of the Debtor's estate... sufficient to support the entry of" an interim order permitting the debtor to use proceeds of the property sold in the securitization. 274 B.R. at 285. The court based its decision in large part on its view of the equities of the case.

LTV and the securitization investors subsequently settled their dispute over the terms of the interim order and the bankruptcy court entered a final order in which the parties admitted and the court found that the pre-petition transactions constituted "true sales." The court did not otherwise overrule its earlier ruling. The LTV memorandum opinion serves as an example of the pervasive equity powers of bankruptcy courts and the importance that such courts may ascribe to the goal of reorganization, particularly where the assets sold are integral to the ongoing operation of the debtor's business.

Even if creditors did not challenge the sale of SAC property as a true sale, a bankruptcy filing by APCo could trigger a bankruptcy filing by us with similar negative consequences for bondholders. In a recent bankruptcy case, *In re General Growth Properties, Inc.*, 406 B.R. 171 (Bankr. S.D.N.Y. 2009), General Growth Properties, Inc. filed for bankruptcy protection, along with many of its direct and indirect subsidiaries. Those subsidiaries included many entities that had been organized as special purpose vehicles. The bankruptcy court upheld the validity of the filings of these special purpose subsidiaries as bankruptcy debtors and allowed the subsidiaries, over the objections of their own creditors, to use the creditors' cash collateral to fund loans to the parent debtor, General Growth Properties, Inc., for its general corporate purposes. The creditors received court-determined adequate protection in the form of current interest payments and replacement liens to mitigate any diminution in value resulting from the use of the cash collateral, but the opinion serves as a reminder that bankruptcy courts may subordinate legal rights of creditors to the interests of facilitation of the reorganization of a debtor.

We and APCo have attempted to mitigate the impact of a possible recharacterization of a sale of SAC property as a financing transaction under applicable creditors' rights principles. The sale agreement will provide

that if the transfer of the applicable SAC property is thereafter recharacterized by a court as a financing transaction and not a true sale, the transfer by APCo will be deemed to have granted to us on behalf of ourselves and the trustee a first priority security interest in all APCo's right, title and interest in and to the SAC property and all proceeds thereof. In addition, the sale agreement will require the filing of a notice of security interest in the SAC property and the proceeds thereof in accordance with the Securitization Law. As a result of this filing, we would be a secured creditor of APCo and entitled to recover against the collateral or its value. This does not, however, eliminate the risk of payment delays or reductions and other adverse effects caused by a APCo bankruptcy. Further, if, for any reason, a SAC property notice is not filed under the Securitization Law or we fail to otherwise perfect our interest in the SAC property, and the transfer is thereafter deemed not to constitute a true sale, we would be an unsecured creditor of APCo.

The Securitization Law provides that the creation, granting, perfection and enforcement of liens and security interests in the SAC property are governed by the Securitization Law and not by the Virginia Uniform Commercial Code (except, as to perfection, with respect to the filing of financing statements in places specified in the Virginia Uniform Commercial Code and to conformity of the form of financing statements with provisions of the Virginia Uniform Commercial Code). Under the Securitization Law, a valid and enforceable lien and security interest in the SAC property may be created only by a financing order issued under the Securitization Law and the execution and delivery of a security agreement with a holder of the SAC bonds or a trustee or agent for the holder that refers to the specific financing order that created the SAC property. The security interest attaches automatically from the time value is received for the SAC bonds. Upon perfection through the filing of notice with a Virginia Uniform Commercial Code filing officer pursuant to rules established by the Secretary of the Commonwealth of Virginia, under Virginia law the security interest shall be a continuously perfected lien and security interest in the SAC property, with priority in the order of filing and take precedence over any subsequent judicial or other lien creditor.

None of this, however, mitigates the risk of payment delays and other adverse effects caused by a APCo bankruptcy. Further, if, for any reason, a SAC property notice is not filed under the Securitization Law or we fail to otherwise perfect our interest in the SAC property sold pursuant to the sale agreement, and the transfer is thereafter deemed not to constitute a true sale, we would be an unsecured creditor of APCo.

Consolidation of APCo and Us. If APCo were to become a debtor in a bankruptcy case, a party in interest might attempt to substantively consolidate the assets and liabilities of APCo and us. We and APCo have taken steps to attempt to minimize this risk. Please read "Appalachian Power Recovery Funding LLC, The Issuing Entity" in this prospectus. However, no assurance can be given that if APCo were to become a debtor in a bankruptcy case, a court would not order that our assets and liabilities be substantively consolidated with those of APCo. Substantive consolidation would result in payment of the claims of the beneficial owners of the SAC bonds to be subject to substantial delay and to adjustment in timing and/or amount under a plan of reorganization in a bankruptcy case.

Status of SAC Property as Current Property. APCo will represent in the sale agreement, and the Securitization Law provides, that the SAC property sold pursuant to the sale agreement constitutes a present contract right. Nevertheless, no assurance can be given that, in the event of a bankruptcy of APCo, a court would not rule that the SAC property comes into existence only as APCo's customers use electricity.

If a court were to accept the argument that the SAC property comes into existence only as APCo's customers use electricity, no assurance can be given that a security interest in favor of the bondholders of the SAC bonds would attach to the SAC charges in respect of electricity consumed after the commencement of the bankruptcy case or that the SAC property has been sold to us. If it were determined that the SAC property had not been sold to us, and the security interest in favor of the SAC bondholders did not attach to the SAC charges in respect of electricity consumed after the commencement of the bankruptcy case, then we would have an unsecured claim against APCo. If so, there would be delays and/or reductions in payments on the SAC bonds. Whether or not a court determined that SAC property had been sold to us pursuant to the sale agreement, no

assurances can be given that a court would not rule that any SAC charges relating to electricity consumed after the commencement of the bankruptcy could not be transferred to us or the trustee.

In addition, in the event of a bankruptcy of APCo, a party in interest in the bankruptcy could assert that we should pay, or that we should be charged for, a portion of APCo's costs associated with the associated electricity consumption of which gave rise to the SAC charge receipts used to make payments on the SAC bonds.

Regardless of whether APCo is the debtor in a bankruptcy case, if a court were to accept the argument that the SAC property sold pursuant to the sale agreement comes into existence only as customers use electricity, a tax or government lien or other nonconsensual lien on property of APCo arising before future SAC property came into existence could have priority over our interest in the SAC property. Adjustments to the SAC charges may be available to mitigate this exposure, although there may be delays in implementing these adjustments.

Estimation of Claims; Challenges to Indemnity Claims. If APCo were to become a debtor in a bankruptcy case, claims, including indemnity claims, by us or the trustee against APCo as seller under the sale agreement and the other documents executed in connection therewith would be unsecured claims and would be subject to being discharged in the bankruptcy case. In addition, a party in interest in the bankruptcy may request that the bankruptcy court estimate any contingent claims that we or the trustee have against APCo. That party may then take the position that these claims should be estimated at zero or at a low amount because the contingency giving rise to these claims is unlikely to occur. If a court were to hold that the indemnity provisions were unenforceable, we would be left with a claim for actual damages against APCo based on breach of contract principles. The actual amount of these damages would be subject to estimation and/or calculation by the court.

No assurances can be given as to the result of any of the above-described actions or claims. Furthermore, no assurance can be given as to what percentage of their claims, if any, unsecured creditors would receive in any bankruptcy proceeding involving APCo.

Enforcement of Rights by the Trustee. Upon an event of default under the indenture, the Securitization Law permits the trustee to enforce the security interest in the SAC property sold pursuant to the sale agreement in accordance with the terms of the indenture. In this capacity, the trustee is permitted to request the Virginia Commission to order the sequestration and payment to holders of the SAC bonds of all revenues arising from the SAC charges. There can be no assurance, however, that the Virginia Commission or a district court judge would issue this order after a seller bankruptcy in light of the automatic stay provisions of Section 362 of the United States Bankruptcy Code. In that event, the trustee may under the indenture seek an order from the bankruptcy court lifting the automatic stay with respect to this action by the Virginia Commission or a district court judge and an order requiring an accounting and segregation of the revenues arising from the SAC property sold pursuant to the sale agreement. There can be no assurance that a court would grant either order.

Bankruptcy of the Servicer. The servicer is entitled to commingle the SAC charges that it receives with its own funds until each date on which the servicer is required to remit funds to the trustee as specified in the servicing agreement. The Securitization Law provides that the relative priority of a lien created under the Securitization Law is not defeated or adversely affected by the commingling of SAC charges arising with respect to the SAC property with funds of the electric utility. In the event of a bankruptcy of the servicer, a party in interest in the bankruptcy might assert, and a court might rule, that the SAC charges commingled by the servicer with its own funds and held by the servicer, prior to and as of the date of bankruptcy, were property of the servicer as of that date, and are therefore property of the servicer's bankruptcy estate, rather than our property. If the court so rules, then the court would likely rule that the trustee has only a general unsecured claim against the servicer for the amount of commingled SAC charges held as of that date and could not recover the commingled SAC charges held as of the date of the bankruptcy.

However, the court rules on the ownership of the commingled SAC charges, the automatic stay arising upon the bankruptcy of the servicer could delay the trustee from receiving the commingled SAC charges held by the

servicer as of the date of the bankruptcy until the court grants relief from the stay. A court ruling on any request for relief from the stay could be delayed pending the court's resolution of whether the commingled SAC charges are our property or are property of the servicer, including resolution of any tracing of proceeds issues.

In the event of the servicer's removal or resignation, the servicing agreement will provide that the trustee shall, upon the instruction of the holders of a majority of the outstanding principal amount of the SAC bonds and our prior written consent thereto (which consent shall not be unreasonably withheld), appoint a successor servicer that qualifies as such. Please read "The Servicing Agreement—The Replacement of APCo as Servicer with a Successor Servicer" in this prospectus. If, within 30 days after the delivery of the termination notice, a new servicer shall not have been appointed and accepted such appointment, the trustee may, or, upon the direction of the holders of a majority of the outstanding principal amount of the SAC bonds, shall, in each case petition the Virginia Commission or a court of competent jurisdiction to appoint a qualifying successor servicer. However, the automatic stay in effect during a servicer bankruptcy might delay or prevent a successor servicer's replacement of the servicer. Even if a successor servicer may be appointed and may replace the servicer, a successor may be difficult to obtain and may not be capable of performing all of the duties that APCo as servicer was capable of performing. Furthermore, should the servicer enter into bankruptcy, it may be permitted to stop acting as the servicer.

Bankruptcy of APCo. APCo is not required initially upon collection to segregate the SAC charges it collects from its general funds. The Securitization Law provides that our rights to the SAC property are not affected by the commingling of these funds with other funds. In a bankruptcy of APCo, however, a bankruptcy court might rule that federal bankruptcy law takes precedence over the Securitization Law and does not recognize our right to receive the collected SAC charges that are commingled with other funds of APCo prior to or as of the date of bankruptcy. If so, the collected SAC charges held by APCo as of the date of bankruptcy would not be available to us to pay amounts owed on the SAC bonds. In this case, we would have only a general unsecured claim against APCo for those amounts.

In addition, the bankruptcy of APCo may cause a delay in or prohibition of enforcement of various rights against APCo, including rights to require payments by APCo, rights to recover preferential payments made by APCo prior to bankruptcy, rights to require APCo to comply with financial provisions of the Securitization Law or other state laws, rights to terminate contracts with APCo and rights that are conditioned on the bankruptcy, insolvency or financial condition of APCo.

Other risks relating to bankruptcy may be found in "Risk Factors—Risks Associated with Potential Bankruptcy Proceedings of the Seller or the Servicer."

USE OF PROCEEDS

Upon the issuance of the SAC bonds, we will use the net proceeds from the sale of the SAC bonds (after payment of upfront financing costs) to pay to APCo the purchase price of APCo's rights under the financing order, which are the SAC property. In accordance with the financing order, APCo will use the proceeds it receives from the sale of the SAC property to reduce its recoverable securitized asset costs and pay down short-term debt, including the repayment of a portion of the loans outstanding under the Credit Agreement, dated May 26, 2025, by and among APCo as borrower, Truist Bank as administrative agent, and the other financial institutions party thereto from time to time (the "***APCo Credit Agreement***").

As of February 18, 2026, borrowings under the APCo Credit Agreement totaled $425,000,000. Such borrowings bear interest based at a floating rate (adjusted term secured overnight financing rate (SOFR) plus 1.15% per annum). The APCo Credit Agreement matures on November 23, 2026. The proceeds of the portion of the loans under the APCo Credit Agreement that may be repaid with the ultimate proceeds of this offering were used for general corporate purposes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions in the underwriting agreement among us, APCo and the underwriters, Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, RBC Capital Markets, LLC, Jefferies LLC, Morgan Stanley & Co. LLC and SMBC Nikko Securities America, Inc., we have agreed to sell to the underwriters, and the underwriters have severally agreed to purchase, the principal amount of the SAC bonds listed opposite each underwriter's name below:

Underwriter	Tranche A-1	Tranche A-2	Tranche A-3	Tranche A-4
Goldman Sachs & Co. LLC	$			
J.P. Morgan Securities LLC	$			
RBC Capital Markets, LLC	$			
Jefferies LLC	$			
Morgan Stanley & Co. LLC	$			
SMBC Nikko Securities America, Inc.	$			
Total	$			

Under the underwriting agreement, the underwriters will take and pay for all of the SAC bonds we offer, if any is taken. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

The Underwriters' Sales Price for the SAC Bonds

The SAC bonds sold by the underwriters to the public will be initially offered at the prices to the public set forth on the cover of this prospectus. The underwriters propose initially to offer the SAC bonds to dealers at such prices, less a selling concession not to exceed the percentage listed below. The underwriters may allow, and dealers may reallow, a discount not to exceed the percentage listed below.

	Selling Concession	Reallowance Discount
Tranche A-1	%	%
Tranche A-2	%	%
Tranche A-3	%	%
Tranche A-4	%	%

After the initial public offering, the public offering prices, selling concessions and reallowance discounts may change.

No Assurance as to Resale Price or Resale Liquidity for the SAC Bonds

The SAC bonds are a new issue of securities with no established trading market. They will not be listed on any securities exchange. The underwriters have advised us that they intend to make a market in the SAC bonds, but they are not obligated to do so and may discontinue market making at any time without notice. We cannot assure you that a liquid trading market will develop for the SAC bonds.

Various Types of Underwriter Transactions That May Affect the Price of the SAC Bonds

The underwriters may engage in overallotment transactions, stabilizing transactions, syndicate covering transactions and penalty bids with respect to the SAC bonds in accordance with Regulation M under the Exchange Act. Overallotment transactions involve syndicate sales in excess of the offering size, which create a syndicate short position. Stabilizing transactions are bids to purchase the SAC bonds, which are permitted, so long as the stabilizing bids do not exceed a specific maximum price. Syndicate covering transactions involve

purchases of the SAC bonds in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the SAC bonds originally sold by the syndicate member are purchased in a syndicate covering transaction. These overallotment transactions, stabilizing transactions, syndicate covering transactions and penalty bids may cause the prices of the SAC bonds to be higher than they would otherwise be. Neither we, APCo, the trustee, our managers nor any of the underwriters represent that the underwriters will engage in any of these transactions or that these transactions, if commenced, will not be discontinued without notice at any time.

Certain of the underwriters and their affiliates have in the past provided, and may in the future from time to time provide, investment banking and general financing and banking services to APCo and its affiliates for which they have in the past received, and in the future may receive, customary fees. Goldman Sachs & Co. LLC, as structuring agent, has rendered certain structuring services to us for which it was compensated. In addition, each underwriter may from time to time take positions in the SAC bonds. In accordance with FINRA Rule 5110 the reimbursement of expenses are deemed underwriting compensation in connection with the offering.

We estimate that the registrants' total expenses of the offering will be $.

We and APCo have agreed to indemnify the underwriters against some liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the SAC bonds, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters, including the validity of the SAC bonds and other conditions contained in the underwriting agreement, such as receipt of ratings confirmations, officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject offers in whole or in part.

We expect to deliver the SAC bonds against payment for the SAC bonds on or about the date specified in the last paragraph of the cover page of this prospectus, which will be the business day following the date of pricing of the SAC bonds. Since trades in the secondary market generally settle in one business day, purchasers who wish to trade SAC bonds on the date of pricing or the succeeding two business days will be required, by virtue of the fact that the SAC bonds initially will settle in T+ , to specify alternative settlement arrangements to prevent a failed settlement.

Conflicts of Interest

Certain of the underwriters or their affiliates are lenders or may hold a portion of short-term debt that APCo intends to repay from the proceeds it will receive from the sale of the SAC property. In such event, it is possible that one or more of the underwriters or their affiliates could receive more than 5% of the net proceeds of this offering, and in that case such underwriter could be deemed to have a conflict of interest under FINRA Rule 5121. In the event of any such conflict of interest, such underwriter would be required to conduct the distribution of SAC bonds in accordance with FINRA Rule 5121. If the distribution is conducted in accordance with FINRA Rule 5121, such underwriter would not be permitted to sell to an account over which it exercises discretionary authority without first receiving specific written approval from the account holder.

AFFILIATIONS AND CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We are a wholly-owned subsidiary of APCo. APCo is a wholly-owned operating subsidiary of AEP. One of the underwriters, Goldman Sachs & Co. LLC, also provided advisory services to APCo in connection with the financing order proceeding and received a $300,000 fee for such services. Each of the sponsor, the initial servicer and the depositor may maintain other banking relationships in the ordinary course with U.S. Bank Trust Company, National Association, the trustee, and its affiliate, U.S. Bank National Association in its separate capacity as securities intermediary.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

General

The following is a general discussion of the anticipated material U.S. federal income tax consequences of the ownership and disposition of the SAC bonds. Except as specifically provided below with respect to non-U.S. holders (as defined below), this discussion does not address the tax consequences to persons other than initial purchasers who are U.S. holders (as defined below) that acquire SAC bonds at original issue for cash equal to the issue price of those bonds and hold their SAC bonds as capital assets within the meaning of Section 1221 of the Internal Revenue Code, and it does not address all of the tax consequences relevant to investors that are subject to special treatment under the United States federal income tax laws (*e.g.*, life insurance companies, tax-exempt organizations, financial institutions, dealers in securities, S corporations, taxpayers subject to the alternative minimum tax provisions of the Internal Revenue Code, broker-dealers, persons who hold the SAC bonds as part of a hedge, straddle, "synthetic security" or other integrated investment, risk reduction or constructive sale transaction and persons required to accelerate the recognition of any item of gross income with respect to the notes' evidencing the SAC bonds as a result of such income being recognized on an "applicable financial statement" (within the meaning of Section 451(b) of the Internal Revenue Code)). This discussion is general in nature and does not address all U.S. federal income taxes relevant to a holder's specific circumstances or the consequences to holders under state, local or foreign tax laws. Please read "Material Virginia Income Tax Considerations" in this prospectus. Each beneficial owner of a SAC bond, by acquiring a beneficial interest, agrees to treat such SAC bond as indebtedness of APCo to the extent consistent with applicable federal, state, local and other tax purposes unless otherwise required by appropriate taxing authorities.

This summary is based on current provisions of the Internal Revenue Code, the Treasury Regulations promulgated and proposed thereunder, judicial decisions and published administrative rulings and pronouncements of the IRS and interpretations thereof. All of these authorities and interpretations are subject to change, and any change may apply retroactively and affect the accuracy of the opinions, statements and conclusions set forth in this discussion. We have not, and do not intend to seek, any ruling from the IRS with respect to the statements made and conclusions reached in this summary.

U.S. Holder and Non-U.S. Holder Defined

A "U.S. holder" means a beneficial owner of a SAC bond that, for U.S. federal income tax purposes, is (a) a citizen or individual resident of the United States; (b) a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (c) an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or (d) a trust, if (i) a court in the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (ii) it has a valid election in place to be treated as a United States person. A "non-U.S. holder" means a beneficial owner of a SAC bond that is not a U.S. holder but does not include (a) an entity or arrangement treated as a partnership for U.S. federal income tax purposes; (b) a former citizen of the United States; or (c) a former resident of the United States.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes is a holder of a SAC bond, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partners are encouraged to consult their tax advisors about the particular U.S. federal income tax consequences applicable to them. Similarly, former citizens and former residents of the United States are encouraged to consult their tax advisors about the particular U.S. federal income tax consequences that may be applicable to them.

ALL PROSPECTIVE INVESTORS ARE ENCOURAGED TO CONSULT THEIR TAX ADVISERS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF OWNING AND DISPOSING OF SAC BONDS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT OF ANY FOREIGN, STATE, LOCAL OR OTHER LAWS.

Income Tax Status of the SAC Bonds and Us as Issuing Entity

Based on Revenue Procedure 2005-62, 2005-2 CB 507, as modified by Revenue Procedure 2024-15, 2024-12 I.R.B. 717 and certain representations from us, including a representation by us that we will not make, or allow there to be made, any election to the contrary, Sidley Austin LLP, counsel to APCo and us, expects to render its opinion that for U.S. federal income tax purposes, (1) we will not be considered an entity separate from our sole member, APCo, and (2) the SAC bonds will be treated as debt obligations of APCo. This opinion is based on certain representations made by us and APCo, on the application of current law to the facts as established by the indenture and other relevant documents and assumes compliance with the indenture and such other documents as in effect on the date of issuance of the SAC bonds.

Tax Consequences to U.S. Holders

Payments of Interest. Stated interest on the SAC bonds generally will be taxable to a U.S. holder as ordinary income at the time such interest is received or accrued, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes. This discussion assumes that the SAC bonds will not be considered to be issued with original issue discount ("**OID**"). OID is generally defined as any excess of the stated price the U.S. holder will receive upon redemption of the bond at the bond's maturity, less the price the U.S. holder pays to purchase the bond, if this difference is equal to or greater than a de minimis amount. If any series or portion of SAC bonds is issued with OID, prospective U.S. holders will be so informed in the related prospectus, and should thereafter consult their tax adviser to determine the federal, state, local and foreign income and any other tax consequences.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the SAC Bonds. If there is a sale, exchange, redemption, retirement or other taxable disposition of a SAC bond, a U.S. holder generally will recognize taxable gain or loss equal to the difference between (a) the amount of cash and the fair market value of any other property received (other than amounts attributable to, and taxable as, accrued stated interest) and (b) the holder's adjusted tax basis in the SAC bond. A U.S. holder's adjusted tax basis in a SAC bond generally will equal its cost, reduced by any payments reflecting principal previously received with respect to the bond. Gain or loss generally will be capital gain or loss if the SAC bond is held as a capital asset, and will be long-term capital gain or loss if the SAC bond was held for more than one year at the time of the sale, exchange, redemption, retirement or other taxable disposition. If a U.S. holder sells a SAC bond between interest payment dates, a portion of the amount received will reflect interest that has accrued on the SAC bond but that has not yet been paid by the sale date and, to the extent that amount has not already been included in the U.S. holder's income, it will be treated as ordinary interest income and not as capital gain.

3.8% Tax on "Net Investment Income"

Certain U.S. holders will be subject to an additional 3.8% tax on all or a portion of their "net investment income," which may include the interest payments and any taxable gain realized with respect to a SAC bond, to the extent of their net investment income that, when added to their other modified adjusted gross income, exceeds $200,000 for an unmarried individual, $250,000 for a married individual filing a joint return (or a surviving spouse), or $125,000 for a married individual filing a separate return. U.S. holders are encouraged to consult their tax advisors with respect to this tax.

Information Reporting and Backup Withholding

Information reporting generally will apply to payments of interest on, and the proceeds of the sale, exchange, redemption, retirement or other taxable disposition of, the SAC bonds, and backup withholding will apply to such payments unless a U.S. holder provides to the applicable withholding agent its taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. Any amounts

withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. U.S. holders should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for establishing such an exemption.

Tax Consequences to Non-U.S. Holders

Payments of Interest

Subject to the discussion below (see "—Information Reporting and Backup Withholding" and "—The Foreign Account Tax Compliance Act"), payments of interest on the SAC bonds to a non-U.S. holder generally will be exempt from U.S. federal income and withholding tax under the "portfolio interest" exemption if the interest is not effectively connected with the non-U.S. holder's U.S. trade or business, the non-U.S. holder properly certifies as to its non-U.S. status, as described below, and the non-U.S. holder:

- does not actually or constructively own, including through an interest in AEP, 10% or more of the total combined voting power of all classes of APCo stock entitled to vote;
- is not a bank whose receipt of interest is in connection with an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business; and
- is not a "controlled foreign corporation" for U.S. federal income tax purposes that is related to us or APCo, actually or constructively.

The portfolio interest exemption applies only if the non-U.S. holder appropriately certifies as to its non-U.S. status to the applicable withholding agent. A holder generally can meet this certification requirement by providing a properly executed IRS Form W-8BEN or W-8BEN-E, as applicable (or appropriate substitute or successor form) to the applicable withholding agent. If the non-U.S. holder holds the SAC bonds through a financial institution or other agent acting on its behalf, it may be required to provide appropriate certifications to its agent. The agent then generally will be required to provide appropriate certifications to the applicable withholding agent, either directly or through other intermediaries.

If the non-U.S. holder cannot satisfy the requirements described above, payments of interest made to the non-U.S. holder will be subject to U.S. federal withholding tax, currently at a 30% rate, unless (1) it provides the applicable withholding agent with a properly executed IRS Form W-8BEN or W-8BEN-E, as applicable (or appropriate substitute or successor form) claiming an exemption from (or a reduction of) withholding under an applicable income tax treaty or (2) the payments of interest are effectively connected with its conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States) and it meets the certification requirements described below (see "Income or Gain Effectively Connected with a U.S. Trade or Business").

The certifications described above must be provided to the applicable withholding agent prior to the payment of interest and must be updated periodically. Non-U.S. holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for an exemption or a reduced rate under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. holders should consult their tax advisors regarding the U.S. federal income tax consequences of owning and disposing of the SAC bonds, including their entitlement to benefits under any applicable income tax treaty.

Sale, Exchange, Redemption or Other Taxable Disposition of the SAC Bonds

Subject to the discussion below (see "—Information Reporting and Backup Withholding"), a non-U.S. holder generally will not be subject to United States federal income or withholding tax on gain realized on the sale, redemption, exchange, retirement or other taxable disposition of SAC bonds, unless:

- the gain is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States); or
- the non-U.S. holder is an individual who is present in the United States for 183 days or more during the taxable year and certain other requirements are met.

If you are a non-U.S. holder described in the first bullet point above, you generally will be subject to U.S. federal income tax as described below (see "—Income or Gain Effectively Connected with a U.S. Trade or Business"). If you are a non-U.S. holder described in the second bullet point above, you generally will be subject to U.S. federal income tax at a 30% rate (or a lower applicable income tax treaty rate) on the gain derived from the sale, redemption, exchange, retirement or other taxable disposition, which may be offset by certain U.S.-source capital losses, unless an applicable income tax treaty provides otherwise.

To the extent any portion of the amount realized on the sale, redemption, exchange, retirement or other taxable disposition of a SAC bond is attributable to accrued but unpaid interest on the SAC bond, this amount will generally be taxed in the same manner as described above in "—Withholding Tax on Payments of Interest."

Income or Gain Effectively Connected with a U.S. Trade or Business

If any interest on the SAC bonds or gain from a sale, redemption, exchange, retirement or other taxable disposition of the SAC bonds is effectively connected with a U.S. trade or business conducted by a non-U.S. holder, then the non-U.S. holder generally will be subject to U.S. federal income tax on such interest or gain on a net income basis in the same manner as a U.S. holder (unless an applicable income tax treaty provides otherwise). If interest received with respect to the SAC bonds is effectively connected income, the U.S. federal withholding tax described above will not apply (assuming appropriate certification is provided) unless an applicable income tax treaty provides otherwise. A non-U.S. holder generally can meet the certification requirements by providing a properly executed IRS Form W-8ECI (or other applicable form) to the applicable withholding agent. In addition, if the non-U.S. holder is a corporation for U.S. federal income tax purposes, that portion of its earnings and profits that is attributable to such effectively connected income or gain, subject to certain adjustments, may be subject to a "branch profits tax" at a 30% rate (or a lower applicable income tax treaty rate).

Information Reporting and Backup Withholding

Payments to a non-U.S. holder of interest on a SAC bond, and amounts withheld from such payments, if any, generally will be required to be reported to the IRS and may also be made available to the tax authorities of the country in which a non-U.S. holder is a tax resident under the provisions of an applicable income tax treaty or agreement. Backup withholding generally will not apply to payments of interest to a non-U.S. holder if the certification described in "—Payments of Interest" above is provided by the non-U.S. holder, or the non-U.S. holder otherwise establishes an exemption.

Proceeds from a sale, exchange, redemption, retirement or other taxable disposition of a SAC bond effected by the U.S. office of a U.S. or non-U.S. broker will be subject to information reporting requirements and backup withholding unless a non-U.S. holder properly certifies, under penalties of perjury, as to its non-U.S. status and certain other conditions are met, or an exemption is otherwise established. Information reporting and backup withholding generally will not apply to any proceeds from a sale, exchange, redemption, retirement or other

taxable disposition of a SAC bond effected outside the United States by a non-U.S. office of a broker, unless such broker has certain connections to the United States, in which case information reporting, but not backup withholding, may apply unless certain other conditions are met, or an exemption is otherwise established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against a non-U.S. holder's U.S. federal income tax liability, if any, and may entitle a non-U.S. holder to a refund, provided the required information is timely furnished to the IRS.

The Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("**FATCA**") generally imposes a U.S. federal withholding tax (separate and apart from, but without duplication of, the withholding tax described above) at a rate of 30% on payments of U.S. source interest on, and the gross proceeds from a disposition of, certain debt obligations paid to certain non-U.S. entities, including certain foreign financial institutions and investment funds (including, in some instances, where such an entity is acting as an intermediary), unless such non-U.S. entity complies with certain withholding and reporting requirements. Pursuant to proposed U.S. Treasury Regulations (upon which taxpayers are permitted to rely until they are revoked or final U.S. Treasury Regulations are issued), this withholding tax generally will not apply to the gross proceeds from a sale or other disposition of instruments, such as the SAC bonds, that produce U.S. source interest. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States with respect to these rules may be subject to different rules. Under certain circumstances, a beneficial owner of a SAC bond may be eligible for a refund or credit of such taxes. Prospective purchasers are encouraged to consult their tax advisors regarding the application of FATCA in their particular circumstances.

The preceding discussion of certain U.S. federal income tax consequences is for general information only and is not tax advice. Each prospective investor should consult its own tax advisor regarding the particular U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning and disposing of the SAC bonds, including the consequences of any proposed change in applicable laws.

MATERIAL VIRGINIA INCOME TAX CONSEQUENCES

Assuming that the SAC bonds will be treated as debt obligations of APCo for U.S. federal income tax purposes, interest paid on the SAC bonds generally will be taxed for Virginia income tax purposes consistently with its taxation for U.S. federal income tax purposes and such interest received by an entity or person not otherwise subject to Virginia corporate or individual income tax will not be subject to Virginia income tax. Troutman Pepper Locke LLP, expects to issue an opinion, that, for Virginia income tax purposes (1) we will not be treated as a taxable entity separate and apart from APCo, our sole member, and (2) the SAC bonds will constitute indebtedness of APCo, assuming, in each case, that such treatment applies for U.S. federal income tax purposes. These opinions are not binding on any taxing authority or any court, and there can be no assurance that contrary positions may not be taken by any taxing authority.

This discussion is based on current provisions of the Virginia tax statutes and regulations, judicial decisions and administrative interpretations and rulings. All of these authorities and interpretations are subject to change, and any change may apply retroactively and affect the accuracy of the opinions set forth in this discussion.

The discussion under “Material Virginia Income Tax Consequences” is for general information only and may not be applicable depending upon a bondholder’s particular situation. It is recommended that prospective bondholders consult their own tax advisors with respect to the tax consequences to them of the acquisition, ownership and disposition of the SAC bonds, including the tax consequences under federal, state, local, non-U.S. and other tax laws and the effects of changes in such laws. Please read “Material U.S. Federal Income Tax Consequences” in this prospectus.

ERISA CONSIDERATIONS

General

The Employee Retirement Income Security Act of 1974, known as ERISA, and Section 4975 of the Internal Revenue Code impose certain requirements on employee benefit plans and other arrangements subject to ERISA or Section 4975 of the Internal Revenue Code. ERISA and the Internal Revenue Code also impose certain requirements on fiduciaries of such plans in connection with the investment of the assets of the plans. For purposes of this discussion, "plans" include "employee benefit plans" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, "plans" as defined in Section 4975(e)(1) of the Internal Revenue Code that is subject to Section 4975 of the Internal Revenue Code, including individual retirement accounts and annuities and Keogh plans, as well as entities that are deemed to hold plan assets of any of the foregoing by virtue of such employee benefit plan's or plan's investment in the entity, including some collective investment funds and insurance company general or separate accounts in which the assets of those plans, accounts or arrangements are invested. A fiduciary of an investing plan is any person who in connection with the assets of the plan:

- has discretionary authority or control over the management or disposition of assets; or
- provides investment advice for a fee.

Some plans, such as governmental plans, and certain church plans, and the fiduciaries of those plans, are not subject to ERISA requirements. Accordingly, assets of these plans may be invested in the SAC bonds without regard to the ERISA considerations described below, subject to the provisions of other applicable law, including a federal, state, local or other law that is similar to the fiduciary responsibility provisions of Title I of ERISA or the prohibited transaction provisions of Title I of ERISA or Section 4975 of the Internal Revenue Code (any such law, "applicable similar law" and these plans, ("**other-law plans**")). For example, a governmental plan which is qualified and exempt from taxation under Sections 401(a) and 501(a) of the Internal Revenue Code, however, is subject to the prohibited transaction rules in Section 503 of the Internal Revenue Code.

ERISA imposes certain general fiduciary requirements on fiduciaries, including:

- investment prudence and diversification; and
- the investment of the assets of the plan in accordance with the documents governing the plan.

In considering an investment in the SAC bonds, the fiduciary of a plan should determine whether the investment is in accordance with the documents and instruments governing the plan and the applicable provisions of ERISA or the Internal Revenue Code relating to the fiduciary's duties to the plan, including, but not limited to, the duties of investment prudence and diversification, and delegation of control under ERISA, and the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code.

Section 406 of ERISA and Section 4975 of the Internal Revenue Code also prohibit a broad range of transactions involving the assets of a plan and persons who have certain specified relationships to the plan, referred to as "parties in interest," as defined under ERISA or "disqualified persons" as defined under Section 4975 of the Internal Revenue Code unless a statutory or administrative exemption is available. The types of transactions that are prohibited include but are not limited to:

- sales, exchanges or leases of property;
- loans or other extensions of credit; and
- the furnishing of goods or services.

Certain persons that participate in a prohibited transaction may be subject to an excise tax under Section 4975 of the Internal Revenue Code or a penalty imposed under Section 502(i) of ERISA, unless a statutory or administrative exemption is available. In addition, the persons involved in the prohibited transaction

may have to cancel or unwind the transaction and pay an amount to the plan for any losses realized by the plan or profits realized by these persons. In addition, individual retirement accounts involved in the prohibited transaction may be disqualified which would result in adverse tax consequences to the owner of the account.

Regulation of Assets Included in a Plan

A fiduciary's investment of the assets of a plan in the SAC bonds may cause our assets to be deemed assets of the investing plan. United States Department of Labor regulations at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (collectively, the "**plan asset regulations**"), provide that the assets of an entity will be deemed to be assets of a plan that purchases an interest in the entity if the interest that is purchased by the plan is an equity interest, equity participation by benefit plan investors is "significant" within the meaning of the plan asset regulations and none of the other exceptions contained in the plan asset regulations applies. An equity interest is defined in the plan asset regulations as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is no authority directly on point, it is anticipated that the SAC bonds will be treated as indebtedness under local law without any substantial equity features.

If the SAC bonds were deemed to be equity interests in us and none of the exceptions contained in the plan asset regulations were applicable, then our assets would be considered to be assets of any plans that purchase the SAC bonds. The extent to which the SAC bonds are owned by benefit plan investors will not be monitored. If our assets were deemed to constitute "plan assets" of investing plans pursuant to the plan asset regulations, transactions we might enter into, or may have entered into in the ordinary course of business, might constitute non-exempt prohibited transactions under ERISA and/or Section 4975 of the Internal Revenue Code.

In addition and without regard to whether the SAC bonds are characterized as other than equity interests in us for purposes of the plan asset regulations, the acquisition, holding or disposition of the SAC bonds by or on behalf of a plan could give rise to a prohibited transaction if we or the trustee, APCo, any other servicer, AEP, any underwriter or certain of their affiliates is or becomes a party in interest or disqualified person with respect to an investing plan unless the transaction qualifies for relief under a prohibited transaction exemption. Each purchaser of the SAC bonds will be deemed to have represented and warranted that its acquisition, holding and disposition of the SAC bonds will not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code.

Prohibited Transaction Exemptions

If you are a fiduciary of a plan or any other person proposing to acquire the SAC bonds on behalf of, or using assets of, a plan, before purchasing any SAC bonds, you should consider and consult with counsel as to whether the acquisition, holding and disposition of the SAC bonds may constitute or result in a prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code and if so, whether any prohibited transaction exemption may provide relief for such transactions. In particular, you should consider and consult with counsel as to the availability of one of the Department of Labor's prohibited transaction class exemptions, referred to as PTCEs, or one of the statutory exemptions provided by ERISA or Section 4975 of the Internal Revenue Code, which include:

- PTCE 75-1, which exempts certain transactions between a plan and certain broker-dealers, reporting dealers and banks;
- PTCE 84-14, which exempts certain transactions effected on behalf of a plan by a "qualified professional asset manager";
- PTCE 90-1, which exempts certain transactions between insurance company separate accounts and parties in interest;
- PTCE 91-38, which exempts certain transactions between bank collective investment funds and parties in interest;

- PTCE 95-60, which exempts certain transactions between insurance company general accounts and parties in interest;
- PTCE 96-23, which exempts certain transactions effected on behalf of a plan by an "in-house asset manager"; and
- the statutory service provider exemption provided by Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Internal Revenue Code, which exempts certain transactions between plans and parties in interest that are parties in interest solely by reason of providing services to a plan or having a relationship to a service provider to the plan and are not fiduciaries with respect to the transaction.

We cannot provide any assurance that any of these class exemptions or statutory exemptions will apply with respect to any particular investment in the SAC bonds by, or on behalf of, a plan or, even if it were deemed to apply, that any exemption would apply to all transactions that may occur in connection with the investment. Even if one of these class exemptions or statutory exemptions were deemed to apply, SAC bonds may not be purchased with assets of any plan if we or the trustee, APCo, any other servicer, AEP, any underwriter or any of their affiliates:

- has investment discretion over the assets of the plan used to purchase the SAC bonds;
- has authority or responsibility to give, or regularly gives, investment advice regarding the assets of the plan used to purchase the SAC bonds, for a fee and under an agreement or understanding that the advice will serve as a primary basis for investment decisions for the assets of the plan, and will be based on the particular investment needs of the plan; or
- is an employer maintaining or contributing to the plan.

Consultation with Counsel and Representation

The sale of the SAC bonds to a plan will not constitute a representation by us or the trustee, APCo, any other servicer, AEP, any underwriter or any of their affiliates that such an investment meets all relevant legal requirements relating to investments by such plans or other-law plans generally or by any particular plan or other-law plan, or that such an investment is appropriate for such plans or other-law plans generally or for a particular plan or other-law plan.

If you are a fiduciary or any other person which proposes to purchase the SAC bonds on behalf of or with assets of a plan, you should consider your general fiduciary obligations under ERISA and you should consult with your legal counsel as to the potential applicability of ERISA and/or the Internal Revenue Code to any investment and the availability of any prohibited transaction exemption in connection with any investment. In addition, if you are a fiduciary or any other person acting on behalf of, or using assets of, an other-law plan, you should consider and consult with legal counsel as to whether the acquisition, holding and disposition of the recovery bonds by, on behalf of, or using assets of, an other-law plan would violate any applicable similar law.

By acquiring any interest in the SAC bonds, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (1) it is not a plan or an other-law plan and is not acting on behalf of, or using assets of, a plan or other-law plan to acquire or hold the SAC bonds or (2) its acquisition, holding and disposition of the SAC bonds will not, in the case of a plan, constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code or, in the case of an other-law plan, constitute or result in a violation of applicable similar law.

This summary is based on current provisions of ERISA, the Internal Revenue Code, the regulations thereunder and other related guidance. All of these authorities and interpretations are subject to change, and any change may apply retroactively and affect the accuracy of the opinions, statements and conclusions set forth in this discussion.

LEGAL PROCEEDINGS

Except as disclosed in this document, there are no legal or governmental proceedings pending against us, the sponsor, seller, trustee, or servicer, or of which any property of the foregoing is subject, that is material to the holders of the SAC bonds. See “The Trustee” in this prospectus for a discussion of certain legal proceedings involving certain affiliates of the trustee, none of which are material to holders of the SAC bonds.

RATINGS FOR THE SAC BONDS

We expect that the SAC bonds will receive credit ratings from at least two NRSROs. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning NRSRO. Each rating should be evaluated independently of any other rating. No person or entity is obligated to maintain the rating on the SAC bonds and, accordingly, we can give no assurance that the ratings assigned to the SAC bonds upon initial issuance will not be lowered or withdrawn by a NRSRO at any time thereafter. If a rating of the SAC bonds is lowered or withdrawn, the liquidity of the SAC bonds may be adversely affected. In general, ratings address credit risk and do not represent any assessment of any particular amount of principal payments on the SAC bonds other than the payment in full of the SAC bonds by the final maturity date, as well as the timely payment of interest.

Under Rule 17g-5 under the Exchange Act, NRSROs providing the sponsor with the requisite certification will have access to all information posted on a website by the sponsor for the purpose of determining the initial rating and monitoring the rating after the SAC bonds issuance date. As a result, an NRSRO other than the hired NRSRO may issue Unsolicited Ratings, which may be lower, and could be significantly lower, than the ratings assigned by the hired NRSROs. The Unsolicited Ratings may be issued prior to, or after, the SAC bonds issuance date. Issuance of any Unsolicited Rating will not affect the issuance of the SAC bonds. Issuance of an Unsolicited Rating lower than the ratings assigned by the hired NRSROs on the SAC bonds might adversely affect the value of the SAC bonds and, for regulated entities, could affect the status of the SAC bonds as a legal investment or the capital treatment of the SAC bonds. Investors in the SAC bonds should consult with their legal counsel regarding the effect of the issuance of a rating by a non-hired NRSRO that is lower than the rating of a hired NRSRO.

A portion of the fees paid by APCo to a NRSRO that is hired to assign a rating on the SAC bonds is contingent upon the issuance of the SAC bonds. In addition to the fees paid by APCo to a NRSRO at closing, APCo will pay a fee to the NRSRO for ongoing surveillance for so long as the SAC bonds are outstanding. However, no NRSRO is under any obligation to continue to monitor or provide a rating on the SAC bonds.

WHERE YOU CAN FIND MORE INFORMATION

To the extent that we are required by law to file such reports and information with the SEC under the Exchange Act, we will file annual and current reports and other information with the SEC. We are incorporating by reference any future filings we or the sponsor, but solely in its capacity as our sponsor, make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering of the SAC bonds, excluding any information that is furnished to, and not filed with, the SEC. These reports will be filed under our own name as issuing entity. Under the indenture, we may voluntarily suspend or terminate our filing obligations as issuing entity with the SEC, to the extent permitted by applicable law.

This prospectus is part of a registration statement we and APCo have filed with the SEC relating to SAC bonds. This prospectus describes the material terms of some of the documents we have filed as exhibits to the registration statement. However, this prospectus does not contain all of the information contained in the registration statement and the exhibits.

Information filed with the SEC can be inspected at the SEC's Internet site located at http://www.sec.gov. You may also obtain a copy of our filings with the SEC at no cost, by writing to or telephoning us at the following address:

Appalachian Power Recovery Funding LLC
1051 E Cary St., Suite 1100
Richmond, VA 23219

Our SEC Securities Act file number is 333- and 333- .

We or APCo as depositor will also file with the SEC all of the periodic reports we or the depositor are required to file under the Exchange Act and the rules, regulations or orders of the SEC thereunder; however, neither we nor APCo as depositor intend to file any such reports relating to the SAC bonds following completion of the reporting period required by Rule 15d-1 or Regulation 15D under the Exchange Act, unless required by law. Unless specifically stated in the report, the reports and any information included in the report will neither be examined nor reported on by an independent public accountant. A more detailed description of the information to be included in these periodic reports, please read "Description of the SAC Bonds—Website" in this prospectus.

INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" into this prospectus information we or the depositor file with the SEC. This means we can disclose important information to you by referring you to the documents containing the information. The information we incorporate by reference is considered to be part of this prospectus, unless we update or supersede that information with information that we or the depositor file subsequently that is incorporated by reference into this prospectus. We are incorporating into this prospectus any future distribution report on Form 10-D, current report on Form 8-K or any amendment to any such report which we or APCo, solely in its capacity as our depositor, make with the SEC until the offering of the SAC bonds is completed. These reports will be filed under our own name as issuing entity. Any statement contained in this prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any separately filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute part of this prospectus.

INVESTMENT COMPANY ACT AND VOLCKER RULE MATTERS

Section 619 of the Dodd-Frank Act and its implementing regulations, commonly known as the "**Volcker Rule**", prevent "banking entities" from (1) engaging in "proprietary trading", (2) acquiring or retaining any "ownership interest" in, or sponsoring, a "covered fund" and (3) entering into certain relationships with a "covered fund" (as such terms are defined in the Volcker Rule). A "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Sections 3(c)(1) or 3(c)(7) of the Investment Company Act. We have been structured so as not to be a "covered fund" under the Volcker Rule.

The issuing entity is not registered or required to be registered as an "investment company" under the Investment Company Act. In making this determination, the issuing entity will be relying on an exclusion or exemption under the Investment Company Act contained in Rule 3a-7 under the Investment Company Act, although there may be additional exclusions or exemptions available to the issuing entity. Investors that constitute "banking entities" should carefully review and familiarize themselves with the Volcker Rule and should consult their own legal advisors regarding the effects of the Volcker Rule on such investors and their investment in the SAC bonds.

RISK RETENTION

This offering of the SAC bonds is a public utility securitization exempt from the risk retention requirements imposed by Section 15G of the Exchange Act due to the exemption provided in Rule 19(b)(8) of Regulation RR.

For information regarding the requirements of the EU Securitization Regulation and the UK Securitization Framework as to risk retention and other matters, please read “Risk Factors—Other Risks Associated with an Investment in the SAC Bonds—Regulatory provisions affecting certain investors could adversely affect the liquidity and the regulatory treatment of investments in the SAC bonds” in this prospectus.

LEGAL MATTERS

Certain legal matters relating to us and the issuance of the SAC bonds will be passed upon for APCo and us by Sidley Austin LLP, special counsel to APCo and us. Certain other legal matters relating to the issuance of the SAC bonds will be passed on by Richards, Layton & Finger, P.A., special Delaware counsel to us, by Troutman Pepper Locke LLP, special Virginia counsel to APCo and us, and by Hunton Andrews Kurth LLP, counsel to the underwriters. Certain legal matters relating to the federal income tax consequences of the issuance of the SAC bonds will be passed upon for us by Sidley Austin LLP. Certain legal matters relating to the Virginia income tax consequences of the issuance of the SAC bonds will be passed upon for us by Troutman Pepper Locke LLP.

GLOSSARY OF DEFINED TERMS

The following definitions are used in this prospectus:

AEP means American Electric Power Company, Inc.

AEP Credit means AEP Credit, Inc., or its successor.

AEP Receivables Purchase Agreement means that certain Fourth Amended and Restated Receivables Purchase Agreement, dated as of June 25, 2014, among AEP Credit, American Electric Power Service Corporation, the Receivables Agent and the other entities party thereto as purchasers, as the same may be amended, supplemented or modified from time to time.*

Adjustment requests means with regard to the SAC charges, a request filed by the servicer with the Virginia Commission requesting modifications to the SAC charges.

APCo means Appalachian Power Company.

APCo Receivables Agency Agreement means the Third Amended and Restated Agency Agreement, dated August 25, 2004, among APCo, AEP Credit and the Receivables Agent, as the same may be amended, supplemented or modified from time to time.*

APCo Receivables Purchase Agreement means the Third Amended and Restated Purchase Agreement, dated August 25, 2004, between APCo and AEP Credit, as the same may be amended, supplemented or modified from time to time.*

Bankruptcy Code means Title 11 of the United States Code, as amended.

Basic documents means the administration agreement, the sale agreement, the intercreditor agreement and joinder, the servicing agreement, the indenture, the series supplement, the bill of sale given by APCo, as the seller, to us, the notes evidencing the SAC bonds, and the certificate of incorporation of the issuing entity, the initial limited liability company agreement of the issuing entity and the amended and restated limited liability company agreement of the issuing entity.

Business day means any day other than a Saturday, a Sunday or a day on which banking institutions in Richmond, Virginia, New York, New York, or Columbus, Ohio are, or DTC is, authorized or obligated by law, regulation or executive order to remain closed.

Capital subaccount means that subaccount of the collection account into which the seller will contribute capital in an amount equal to 0.50% of the initial principal amount of the SAC bonds.

Clearstream means Clearstream Banking S.A.

Collection account means the one or more segregated trust accounts relating to the SAC bonds designated the collection account and held by the trustee at U.S. Bank National Association under the indenture. The collection account shall initially be divided into subaccounts, which need not be separate accounts: a general subaccount, a capital subaccount, an excess funds subaccount and one or more class subaccounts, if any, for the SAC bonds as specified in any Series Supplement.

Competent Authority means a competent authority determined in accordance with the Securitization Regulations.

Customers, retail customers or Virginia Commission-jurisdictional area retail customers means all existing and future Virginia Commission-jurisdictional area retail customers that receive electric service within APCo's geographic service territory in the Commonwealth of Virginia (including the partially exempt customers) that have not opted out (to the extent eligible to opt out under the Securitization Law) and are therefore subject to the SAC charges, irrespective of the generation supplier of such retail customers. Pursuant to the Securitization Law, certain retail customers of APCo whose demand exceeded five megawatts during the calendar year prior to the filing of APCo's petition for a financing order with the Virginia Commission were eligible to opt out of financing their pro rata obligation for SAC charges by providing written notice to APCo within 30 days of such filing. The time period for eligible customers to exercise this opt-out right has expired, and no customer provided APCo with the written notice required to do so. Accordingly, the maximum principal amount of SAC bonds authorized to be issued was not reduced by any customer opt-out payments. Under the Securitization Law and Section 56-577 A 6 of the Code of Virginia, partially exempt customers are exempt from the portion of the SAC charges representing the undepreciated Amos and Mountaineer plant balances. Because the partially exempt customers do not currently pay APCo's generation charges, they are not included in the customer base to which the plant-balance portion of the SAC charges is allocated, but they do remain subject to the portion of the SAC charges attributable to storm restoration costs and upfront financing costs.

Depositor means APCo.

Designee means the person, as appointed by the Virginia Commission, who is authorized to approve, by concurrence, the final terms, structuring and pricing of the transaction as set forth in the issuance advice letter.

Direct Participants means DTC's participants.

Dodd-Frank Act means the Dodd-Frank Wall Street Reform and Consumer Protection Act.

DTC means The Depository Trust Company, New York, New York, and its nominee holder, Cede & Co.

DTCC means The Depository Trust & Clearing Corporation.

Due Diligence Requirements means the EU Due Diligence Requirements and the UK Due Diligence Requirements.

EEA means the European Economic Area.

ERISA means the Employee Retirement Income Security Act of 1974, as amended.

EU Due Diligence Requirements means the diligence requirements under Article 5 of the EU Securitization Regulation or any replacement provision included in the EU Securitization Regulation from time to time.

EU Retention Requirements means the risk retention requirements under Article 6(1) of the EU Securitization Regulation or any replacement provision included in the EU Securitization Regulation from time to time.

EU Securitization Regulation means the EU Retention Requirements, the EU Transparency Requirements and the EU Due Diligence Requirements.

EU Transparency Requirements means the disclosure requirements under Article 7 of the EU Securitization Regulation or any replacement provision included in the EU Securitization Regulation from time to time.

Euroclear means Euroclear Bank SA/NV.

Excess funds subaccount means that subaccount of the collection account into which funds are collected by the servicer in excess of amounts necessary to make the payments specified on a given payment date.

Exchange Act means the Securities Exchange Act of 1934, as amended.

FATCA means the Foreign Account Tax Compliance Act.

FCA means the UK's Financial Conduct Authority

FCA DD Rules means SECN 4, as amended from time to time.

FCA Handbook means the handbook of rules and guidance adopted by the FCA.

FCA RR Rules means SECN 5, as amended from time to time.

FCA Transparency Rules means SECN 6, SECN 11 (including its Annexes) and SECN 12 (including its Annexes), in each case as amended from time to time.

Financing order means an order issued by the Virginia Commission on November 24, 2025, to APCo (Financing Order Case No. PUR-2025-00116) which, among other things, governs the amount of the SAC bonds that may be issued and terms for collections of the SAC charges.

FSMA means the UK's Financial Services and Markets Act 2000, as amended from time to time.

General subaccount means that subaccount that will hold funds held in the collection account that are not held in the other subaccounts of the collection account.

Hired NRSRO means the NRSRO hired by APCo.

Indenture means the indenture to be entered into between us and the trustee and the securities intermediary, providing for the issuance of the SAC bonds, as the same may be amended and supplemented from time to time by one or more indentures supplemental thereto.

Indirect Participants means participants accessing the DTC system, including both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly.

Internal Revenue Code means the Internal Revenue Code of 1986, as amended.

Investment Company Act means the Investment Company Act of 1940, as amended.

IRS means the Internal Revenue Service of the United States.

Issuance date means the date the SAC bonds are issued and sold to the underwriters.

Issuing entity means Appalachian Power Recovery Funding LLC.

kWh means kilowatt-hour.

Moody's means Moody's Investors Service, Inc. or any successor in interest. References to Moody's are effective so long as Moody's is a rating agency.

MW means megawatts.

MWh means megawatt-hour.

Nonbypassable refers to the right of the servicer to collect the SAC charges from all existing and future customers of APCo, subject to certain limitations specified in the financing order.

Non-standard true-up adjustment means an adjustment to the allocation of SAC charges among customer classes that the servicer may request from the Virginia Commission when it determines there has been, or will be, a significant and sustained change in the forecasted load of one or more customer classes. A "*significant and sustained change*" occurs if the forecasted load of any customer class for the upcoming remittance period is projected to increase or decrease by ten percent or more compared to the original projection in the financing order or the most recent true-up (or non-standard true-up) filing, and that change is expected by the servicer to continue.

NRSRO means a nationally recognized statistical rating organization.

OID means original issue discount.

OPS DD Rules means Regulations 32B, 32C and 32D of SR 2024, as amended from time to time.

Payment date means the date or dates on which interest and principal are to be payable on the SAC bonds.

Plan asset regulations means United States Department of Labor regulations at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA.

PRA means the UK Prudential Regulation Authority.

PRA DD Rules means Article 5 of Chapter 2 of the Securitisation Part of the PRA Rulebook, as amended from time to time.

PRA Rulebook means the rulebook of published policy of the PRA.

PRA Securitization Rules means the Securitization Part of the PRA Rulebook.

Rating agencies means Moody's, and S&P. If no such organization (or successor) is any longer in existence, "rating agency" shall be a NRSRO or other comparable person designated by us, written notice of which designation shall be given to the trustee and the servicer.

Rating agency condition means, with respect to any action, at least ten business days' prior written notification to each rating agency of such action, and written confirmation from each of S&P and Moody's to the servicer, the trustee and us that such action will not result in a suspension, reduction or withdrawal of the then current rating by such rating agency of the SAC bonds and that prior to the taking of the proposed action no other rating agency shall have provided written notice to us that such action has resulted or would result in the suspension, reduction or withdrawal of the then current rating of the SAC bonds; provided, that, if within such ten business day period, any rating agency (other than S&P) has neither replied to such notification nor responded in a manner that indicates that such rating agency is reviewing and considering the notification, then (a) we shall be required to confirm that such rating agency has received the rating agency condition request, and if it has, promptly request the related rating agency condition confirmation and (b) if the rating agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five business days following such second request, the applicable rating agency condition requirement shall not be deemed to apply to such rating agency. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a rating agency's right to review or consent).

Receivables Agent means JPMorgan Chase Bank, N.A., or its successor, in its capacity as administrative agent under the AEP Receivables Purchase Agreement.

Record date means the date or dates with respect to each payment date on which it is determined the person in whose name each SAC bond is registered will be paid on the respective payment date.

Regulation AB means the rules of the SEC promulgated under Subpart 229.1100-Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1123, as such may be amended from time to time.

S&P means S&P Global Ratings, a division of S&P Global Inc. or any successor in interest. References to S&P are effective so long as S&P is a rating agency.

SAC bonds means, unless the context requires otherwise, the Series 2026-A Senior Secured SAC Bonds offered pursuant to this prospectus.

SAC charges means, with regard to APCo, the nonbypassable amounts to be charged for the use or availability of electric services, approved by the Virginia Commission in the financing order and collected by the servicer, its successors, assignees or other collection agents as provided in the financing order to recover qualified costs pursuant to the financing order.

SAC property means all of APCo's rights and interest under the financing order (including, without limitation, rights to impose, bill, charge, collect and receive the "securitized asset cost charge" (as defined in the Securitization Law) approved in the financing order) issued by the Virginia Commission on November 24, 2025 (Case No. PUR-2025-00116) pursuant to the Securitization Law, except the rights of APCo to earn and receive a rate of return on its invested capital in us, to receive administration and servicer fees, or to use APCo's remaining portion of those proceeds.

Sale agreement means the sale agreement to be entered into between us and APCo, pursuant to which APCo sells, and we purchase the SAC property, as the same may be amended, supplemented or modified from time to time.

SEC means the U.S. Securities and Exchange Commission.

Securities Act of 1933 means the Securities Act of 1933, as amended.

Securities intermediary means U.S. Bank National Association and its successors in interest.

Securitization Law means § 56-249.8 of the Code of Virginia, providing for a financing mechanism through which certain electric utilities can use securitization financing for securitized asset costs.

Securitization Regulations means the EU Securitization Regulation and the UK Securitization Framework.

Securitized asset costs means the costs of an electric utility recoverable through the issuance of SAC bonds, including the costs of issuing, supporting and servicing the SAC bonds.

Seller means APCo.

Servicer means APCo, acting as the initial servicer, and any successor or assignee servicer, which will service the SAC property under the servicing agreement.

Servicing agreement means the servicing agreement to be entered into between us and APCo, as the same may be amended and supplemented from time to time, pursuant to which APCo, as the initial servicer, undertakes to service the SAC property, as the same may be amended, supplemented or modified from time to time.

Sponsor means APCo.

SR 2024 means the Securitization Regulations 2024 (SI 2024/102), as amended.

Terms and Conditions with regard to Euroclear means the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of Euroclear, and applicable Belgian law.

Treasury Regulations means proposed or issued regulations promulgated from time to time under the Internal Revenue Code.

True-up adjustment or true-up mechanism means a provision required by the financing order whereby the servicer will apply to the Virginia Commission for adjustments to the SAC charges, including, where applicable, adjustments implemented through the non-standard true-up adjustment, based on actual collected SAC charges and updated assumptions by the servicer as to future collections of SAC charges. The Virginia Commission will approve properly filed adjustments. Any corrections for mathematical or clerical errors will be reflected in the next true-up.

Trust Indenture Act means the Trust Indenture Act of 1939, as amended.

Trustee means U.S. Bank Trust Company, National Association and its successors in interest.

UK Due Diligence Requirements means the requirements under the PRA DD Rules, the FCA DD Rules and the OPS DD Rules.

UK Securitization Framework means the SR 2024, PRA Securitization Rules and the SECN of the FCA Handbook.

UK Retention Requirements means the requirements under the FCA RR Rules.

UK Transparency Requirements means the requirements under the FCA Transparency Rules.

Uniform Commercial Code means, unless the context otherwise requires, the Uniform Commercial Code, as in effect in the relevant jurisdiction, as amended from time to time.

Unsolicited Ratings means ratings on the SAC bonds issued by an NRSRO other than the hired NRSRO.

Virginia Commission means the State Corporation Commission of the Commonwealth of Virginia.

* The registrants do not believe the terms of the APCo Receivables Purchase Agreement, the APCo Receivables Agency Agreement, or the AEP Receivables Purchase Agreement are material to the issuing entity, which is not a party to the agreements, or the bond issuance more generally. The issuing entity is a party to the intercreditor agreement as a result of the joinder to the intercreditor agreement, each of which are included as exhibits to this registration statement.

$ Series 2026-A Senior Secured SAC Bonds

Appalachian Power Company
Sponsor, Depositor and Initial Servicer

Appalachian Power Recovery Funding LLC
Issuing Entity

Joint Book-Running Managers

Goldman Sachs & Co. LLC
(Structuring Advisor)

J.P. Morgan

RBC Capital Markets

Co-Managers

Jefferies LLC

Morgan Stanley

SMBC Nikko

Through and including , 2026 (the 90th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and when offering an unsold allotment or subscription.

PART II

Information Not Required in Prospectus

Item 12. Other Expenses of Issuance and Distribution

The following table sets forth the various expenses expected to be incurred by the registrants in connection with the issuance and distribution of the securities being registered by this prospectus, other than underwriting discounts and commissions. All amounts are estimated except the Securities and Exchange Commission registration fee.

Securities and Exchange Commission registration fee	$ *
Printing expenses	$ 200,000
Trustee fees and expenses	$ 60,000
Legal fees and expenses	$2,500,000
Accounting fees and expenses	$ 150,000
Rating Agencies' fees and expenses	$1,681,625
Structuring agent fees and expenses	$ 300,000
Miscellaneous fees and expenses	$ 64,365
Total	$ *

* To be filed by amendment.

Item 13. Indemnification of Directors and Officers

APPALACHIAN POWER RECOVERY FUNDING LLC

Section 18-108 of the Delaware Limited Liability Company Act provides that subject to such standards and restrictions, if any, as are set forth in the limited liability company agreement of a limited liability company, a limited liability company may, and shall have the power to, indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever. Under the limited liability company agreement of Appalachian Power Recovery Funding LLC, we will indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that such person is or was a member, manager, officer, employee or agent of ours, to the fullest extent permitted by law, against any liability incurred in connection with such action, suit or proceeding, except for liabilities arising from such person's own fraud, gross negligence or willful misconduct.

APPALACHIAN POWER COMPANY

The By-laws of APCo (as amended and restated, the "**By-laws**") provide that APCo shall indemnify any person who was or is a party to any threatened, pending or completed action, suit or proceeding because such person is or was a director, officer or employee of APCo or is or was serving at the request of APCo as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability in connection with such proceeding if (a) such person conducted him or herself in good faith; (b) such person believed, in the case of conduct in such person's official capacity with APCo, that his or her conduct was in the best interests of APCo, and, in all other cases, that his or her conduct was at least not opposed to its best interests; (c) with respect to any criminal action or proceeding, such person had no reasonable cause to believe his or her conduct was unlawful; and (d) such person was not grossly negligent or guilty of willful misconduct. Such indemnification in connection with a proceeding by or in the right of APCo is limited to reasonable expenses incurred in connection with the proceeding. Any such indemnification (unless ordered by a court) shall be made by APCo only as authorized in the specific case upon a determination that indemnification of the director is proper in the circumstances because such person has met the applicable standard of conduct.

Section 13.1-698 of the Code of Virginia provides that unless limited by the articles of incorporation, a corporation shall indemnify a director who was wholly successful, on the merits or otherwise, in the defense of

any proceeding to which such person was a party because such person is or was a director of the corporation against expenses incurred in connection with such proceeding. Section 13.1-699 of the Code of Virginia provides that a corporation may pay for or reimburse reasonable expenses incurred by a director who is a party to such a proceeding in advance of final disposition of such proceeding if the director furnishes the corporation a signed written undertaking by or on behalf of the director to repay any funds advanced (a) if the director is not entitled to mandatory indemnification under Section 13.1.698 of the Code of Virginia and (b) it is ultimately determined under Sections 13.1.700.1 or 13.1-701 of the Code of Virginia that the director has not met the relevant standard of conduct. Section 13.1-700.1 of the Code of Virginia provides procedures which allow directors to apply to a court for an order directing advances, reimbursement or indemnification.

Section 13.1-702 of the Code of Virginia provides that unless limited by the articles of incorporation, (a) officers are entitled to mandatory indemnification under Section 13.1-698 of the Code of Virginia and to apply for court ordered indemnification under Section 13.1-700.1 of the Code of Virginia to the same extent as a director, and (b) that a corporation may indemnify and advance expenses to an officer to the same extent as to a director. Section 13.1-704 of the Code of Virginia provides that any corporation shall have the power to make any further indemnity to any director or officer that may be authorized by the articles of incorporation or any bylaw made by the stockholders or any resolution adopted, before or after the event, by the stockholders, except an indemnity against willful misconduct or a knowing violation of criminal law. Any such provision that obligates the corporation to provide indemnification to the fullest extent permitted by law shall be deemed, unless the articles of incorporation or any such bylaw or resolution expressly provides otherwise, also to obligate the corporation to advance funds to pay for or reimburse expenses to the fullest extent permitted by law except that the applicable standard shall be conduct that does not constitute willful misconduct or a knowing violation of criminal law.

The above is a general summary of certain provisions of APCo's By-laws and the Code of Virginia and is subject in all respects to the specific and detailed provisions of APCo's By-laws and the Code of Virginia.

Item 14. Exhibits

List of Exhibits

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
1.1	Form of Underwriting Agreement*
3.1	Certificate of Formation of Appalachian Power Recovery Funding LLC
3.2	Limited Liability Company Agreement of Appalachian Power Recovery Funding LLC
3.3	Form of Amended and Restated Limited Liability Company Agreement of Appalachian Power Recovery Funding LLC
4.1	Form of Indenture between Appalachian Power Recovery Funding LLC and the Trustee (including the forms of the SAC bonds and form of Series Supplement)
5.1	Opinion of Sidley Austin LLP with respect to legality*
5.2	Opinion of Troutman Pepper Locke LLP with respect to legality*
8.1	Opinion of Sidley Austin LLP with respect to federal tax matters*
8.2	Opinion of Troutman Pepper Locke LLP with respect to Virginia tax matters*
10.1	Form of Servicing Agreement between Appalachian Power Recovery Funding LLC and Appalachian Power Company, as Servicer
10.2	Form of Purchase and Sale Agreement between Appalachian Power Recovery Funding LLC and Appalachian Power Company, as Seller

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
10.3	Form of Administration Agreement between Appalachian Power Recovery Funding LLC and Appalachian Power Company, as Administrator
10.4	Intercreditor Agreement among AEP Credit, Inc., JPMorgan Chase Bank, N.A., and each indenture trustee, servicer and issuer party thereto from time to time, dated as of September 7, 2022, and amended and restated as of December 9, 2024
10.5	Form of Intercreditor Joinder between Appalachian Power Company, Appalachian Power Recovery Funding LLC, U.S. Bank Trust Company, National Association, AEP Credit, Inc., and JPMorgan Chase Bank, N.A.
23.1	Consent of Sidley Austin LLP (included as part of its opinions filed as Exhibits 5.1, 8.1 and 99.2)*
23.2	Consent of Troutman Pepper Locke LLP (included as part of its opinions filed as Exhibits 5.2, 8.2 and 99.3)*
24.1	Power of Attorney of Appalachian Power Company
25.1	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of U.S. Bank Trust Company, National Association
99.1	Financing Order
99.2	Form of Opinion of Sidley Austin LLP with respect to U.S. constitutional matters*
99.3	Form of Opinion of Troutman Pepper Locke LLP with respect to Virginia constitutional matters*
107	Filing Fee Table

* To be filed by amendment.

Pursuant to Item 601(a)(1)(5) of Regulation S-K, certain schedules and similar attachments have been omitted. The registrant hereby agrees to furnish supplementally a copy of any omitted schedule or similar attachment to the SEC upon request.

Item 15. Undertakings

The undersigned registrants hereby undertake that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrants pursuant to the foregoing provisions, or otherwise, each registrant has been advised that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by a registrant of expenses incurred or paid by a director, officer or controlling person of such registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, each registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrants hereby undertake that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the annual report pursuant to section 13(a) or section 15(d) of the Exchange Act of a third party that is incorporated by reference in the registration statement in accordance with Item 1100(c)(1) of Regulation AB (17 CFR 229.1100(c)(1)) shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned registrants hereby undertake to file an application for the purpose of determining the eligibility of the trustee to act under Subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the U.S. Securities and Exchange Commission under Section 305(b)(2) of the Act.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form SF-1 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Columbus, State of Ohio, on the 27th day of February, 2026.

APPALACHIAN POWER COMPANY

By: /s/ Trevor I Mihalik
Name: Trevor I. Mihalik
Title: Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
(i) Principal Executive Officer:		
William J. Fehrman*	Chief Executive Officer	February 27, 2026
(ii) Principal Financial Officer:		
/s/ Trevor I. Mihalik Trevor I. Mihalik	Chief Financial Officer	February 27, 2026
(iii) Principal Accounting Officer:		
/s/ Kate Dixon Kate Dixon	Chief Accounting Officer	February 27, 2026
(iv) A Majority of the Directors:		
Robert B. Berntsen* William J. Fehrman* Trevor I. Mihalik* Aaron D. Walker*	Directors	February 27, 2026
By:* /s/ Trevor I. Mihalik Name: Trevor I. Mihalik Title: Attorney-in-Fact		February 27, 2026

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form SF-1 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Columbus, State of Ohio, on the 27th day of February, 2026.

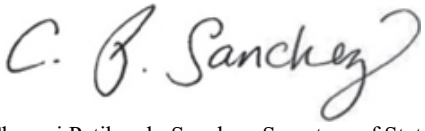
APPALACHIAN POWER RECOVERY FUNDING LLC

By: /s/ Matthew D. Fransen
Name: Matthew D. Fransen
Title: Manager

Delaware

The First State

I, CHARUNI PATIBANDA-SANCHEZ, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "APPALACHIAN POWER RECOVERY FUNDING LLC", FILED IN THIS OFFICE ON THE TWELFTH DAY OF NOVEMBER, A.D. 2025, AT 4:21 O`CLOCK P.M.



Charuni Patibanda-Sanchez, Secretary of State

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You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 205330880
Date: 11-14-25

State of Delaware
Secretary of State
Division of Corporations
Delivered 04:21 PM 11/12/2025
FILED 04:21 PM 11/12/2025
SR 20254543616 - File Number 10400489

STATE OF DELAWARE
CERTIFICATE OF FORMATION
OF LIMITED LIABILITY COMPANY

The undersigned authorized person, desiring to form a limited liability company pursuant to the Limited Liability Company Act of the State of Delaware, hereby certifies as follows:

1. The name of the limited liability company is Appalachian Power Recovery Funding LLC.

2. The Registered Office of the limited liability company in the State of Delaware is located at 1209 Orange Street (street), in the City of Wilmington, Zip Code 19801. The name of the Registered Agent at such address upon whom process against this limited liability company may be served is The Corporation Trust Company.

By: Paula A. Haynes
Authorized Person

Name: Paula Haynes
Print or Type

Exhibit 3.2

LIMITED LIABILITY COMPANY AGREEMENT

OF

APPALACHIAN POWER RECOVERY FUNDING LLC

This Limited Liability Company Agreement (this "Agreement") of Appalachian Power Recovery Funding LLC is entered into by Appalachian Power Company, a Virginia corporation, as the sole member (the "Member").

The Member hereby forms a limited liability company pursuant to and in accordance with the Delaware Limited Liability Company Act (6 Del.C. §18-101, et seq.), as amended from time to time (the "Act"), and hereby agrees as follows:

1. Name. The name of the limited liability company formed hereby Appalachian Power Recovery Funding LLC (the "Company").

2. Purpose. The Company is formed for the purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Act and engaging in any and all activities necessary or incidental to the foregoing.

3. Registered Office. The address of the registered office of the Company in the State of Delaware is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

4. Registered Agent. The name and address of the registered agent of the Company for service of process on the Company in the State of Delaware are The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

5. Member. The name and the business, residence or mailing address of the Member are as follows:

Name	Address
Appalachian Power Company	1 Riverside Plaza Columbus, Ohio 43215

6. Powers.

(a) The Company, and the Board of Managers of the Company on behalf of the Company, (i) shall have and exercise all powers necessary, convenient or incidental to accomplish its purposes as set forth in Section 2, and (ii) shall have and exercise all of the powers and rights conferred upon limited liability companies formed pursuant to the Act.

(b) David C. House is hereby designated as an "authorized person" within the meaning of the Act. Upon the filing of the Certificate of Formation with the Secretary of State of the State of Delaware, his powers as an "authorized person" ceased, and the Member thereupon became the designated "authorized person" and shall continue as the designated "authorized person" within the meaning of the Act. The Member shall execute, deliver and file any other certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in West Virginia and in any other jurisdiction in which the Company may wish to conduct business.

(c) The Company is hereby authorized to execute, deliver and perform, and the Member, any Manager or any officer on behalf of the Company are hereby authorized to execute and deliver, (i) a registration statement on Form SF-1, as amended from time to time, (ii) any underwriting agreements, (iii) any other documents related to the issuance by the Company of the system securitized bonds and (iv) all documents, agreements, certificates, or financing statements contemplated thereby or related thereto, all without any further act, vote or approval of any other person or entity notwithstanding any other provision of this Agreement. The foregoing authorization shall not be deemed a restriction on the powers of the Member or the Managers to enter into other agreements on behalf of the Company.

7. Management.

(a) Board of Managers. The business and affairs of the Company shall be managed by or under the direction of a Board of at least one but no more than five managers of the Company (the "Managers") designated by the Member (the "Board" or the "Board of Managers"). The Member may determine at any time in its sole and absolute discretion the number of Managers to constitute the Board. The authorized number of Managers may be increased or decreased by the Member at any time in its sole and absolute discretion, upon notice to all Managers. The initial number of Managers shall be one. Each Manager elected, designated or appointed by the Member shall hold office until a successor is elected and qualified or until such Manager's earlier death, resignation, expulsion or removal. Managers need not be a Member.

(b) Powers. The Board of Managers shall have the power to do any and all acts necessary, convenient or incidental to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise. The Board of Managers has the authority to bind the Company.

(c) Meeting of the Board of Managers. The Board of Managers may hold meetings, both regular and special, within or outside the State of Delaware. Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board. Special meetings of the Board may be called by the President on not less than one day's notice to each Manager by telephone, e-mail, or any other means of communication, and special meetings shall be called by the President or Secretary in like manner and with like notice upon the written request of any one or more of the Managers.

(d) Quorum: Acts of the Board. At all meetings of the Board, a majority of the Managers shall constitute a quorum for the transaction of business and, except as otherwise provided in any other provision of this Agreement, the act of a majority of the Managers present at any meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at any meeting of the Board, the Managers present at such meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee, as the case may be.

(e) Electronic Communications. Members of the Board, or any committee designated by the Board, may participate in meetings of the Board, or any committee, by means of telephone conference or similar communications equipment that allows people participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in person at the meeting. If all the participants are participating by telephone conference or similar communications equipment, the meeting shall be deemed to be held at the principal place of business of the Company.

(f) Committees of Managers.

(i) Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the Managers. The Board may designate one or more Managers as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

(ii) In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member.

(iii) Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Company. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board. Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

(g) Compensation of Managers; Expenses. The Board shall have the authority to fix the compensation of Managers. The Managers may be paid their expenses, if any, of attendance at meetings of the Board, which may be a fixed sum for attendance at each meeting of the Board or a stated salary as Manager. No such payment shall preclude any Manager from serving the Company in any other capacity and receiving compensation therefore. Members of special or standing committees may be allowed like compensation for attending committee meetings.

(h) Removal of Managers. Unless otherwise restricted by law, any Manager or the entire Board of Managers may be removed or expelled, with or without cause, at any time by the Member, and any vacancy caused by any such removal or expulsion may be filled by action of the Member.

(i) Managers as Agents. To the extent of their powers set forth in this Agreement, the Managers are agents of the Company for the purpose of the Companys business, and the actions of the Managers taken in accordance with such powers set forth in this Agreement shall bind the Company. Notwithstanding the last sentence of Section 18-402 of the Act, except as provided in this Agreement or in a resolution of the Managers, a Manager may not bind the Company.

8. Officers. The Managers may, from time to time, designate one or more persons to be officers of the Company. Any officer designated shall have such title and authority and perform such duties as the Managers may, from time to time, delegate to them. Each officer shall hold office for the term for which such officer is designated and until its successor shall be duly designated and shall qualify or until its death, resignation or removal as provided in this Agreement. Any person may hold any number of offices. No officer need be a Manager, the Member, a Delaware resident, or a United States citizen.

(a) President. The President shall be the chief executive officer of the Company, shall preside at all meetings of the Managers, shall be responsible for the general and active management of the business of the Company and shall see that all orders and resolutions of the Managers are carried into effect. The President or any other officer authorized by the President or the Managers may execute all contracts, except: (i) where required or permitted by law or this Agreement to be otherwise signed and executed; and (ii) where signing and execution thereof shall be expressly delegated by the Managers to some other officer or agent of the Company.

(b) Vice President. In the absence of the President or in the event of the President’s inability to act, the Vice President, if any (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the Managers, or in the absence of any designation, then in the order of their election), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents, if any, shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(c) Secretary and Assistant Secretary. The Secretary shall be responsible for filing legal documents and maintaining records for the Company. The Secretary shall attend all meetings of the Managers and record all the proceedings of the meetings of the Company and of the Managers in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or shall cause to be given, notice of all

meetings of the Member, if any, and special meetings of the Managers, and shall perform such other duties as may be prescribed by the Managers or the President, under whose supervision the Secretary shall serve. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Managers (or if there be no such determination, then in order of their designation), shall, in the absence of the Secretary or in the event of the Secretary's inability to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(d) Treasurer and Assistant Treasurer. The Treasurer shall have the custody of the Company funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Manager. The Treasurer shall disburse the funds of the Company as may be ordered by the Manager, taking proper vouchers for such disbursements, and shall render to the President and to the Managers, at its regular meetings or when the Managers so require, an account of all the Treasurer's transactions and of the financial condition of the Company. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Managers (or if there be no such determination, then in the order of their designation), shall, in the absence of the Treasurer or in the event of the Treasurer's inability to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(e) Officers as Agents. The officers of the Company, to the extent their powers as set forth in this Agreement or otherwise vested in them by action of the Managers not inconsistent with this Agreement, are agents of the Company for the purpose of the Company's business and the actions of the officers taken in accordance with such powers shall bind the Company.

(f) Duties of Managers and Officers. Except to the extent otherwise provided herein, each Manager and officer of the Company shall have a fiduciary duty of loyalty and care similar to that of directors and officers of business corporations organized under the General Corporation Law of the State of Delaware.

(g) Removal and Resignation. Any officer of the Company may be removed as such, with or without cause, by the Managers at any time. Any officer of the Company may resign as such at any time upon written notice to the Company. Such resignation shall be made in writing and shall take effect at the time specified therein or, if no time is specified therein, at the time of its receipt by the Managers.

(h) Vacancies. Any vacancy occurring in any office of the Company may be filled by the Managers.

(i) Compensation. The compensation, if any, of the officers of the Company shall be fixed from time to time by the Managers. Such compensation shall be determined without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company.

9. Dissolution. The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (a) the written consent of the Member, (b) at any time that there are no members of the Company, unless the business of the Company is continued in accordance with the Act, or (c) the entry of a decree of judicial dissolution under Section 18-802 of the Act.

10. Capital Contributions. The Member has contributed the following amount, in cash, and no other property, to the Company:

One Hundred Dollars $100.00

11. Additional Contributions. The Member is not required to make any additional capital contribution to the Company. However, the Member may at any time make additional capital contributions to the Company.

12. Allocation of Profits and Losses. The Company's profits and losses shall be allocated solely to the Member.

13. Distributions. Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Managers. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to the Member on account of its interest in the Company if such distribution would violate the Act or other applicable law.

14. Assignments. The Member may not assign in whole or in part its limited liability company interest in the Company.

15. Resignation. A Member may not resign from the Company.

16. Admission of Additional Members. No additional members of the Company may be admitted to the Company.

17. Liability of Members. The Member shall not have any liability for the obligations or liabilities of the Company except to the extent provided in the Act.

18. Governing Law. This Agreement shall be governed by, and construed under, the laws of the State of Delaware, all rights and remedies being governed by said laws.

[Signature Page Follows)

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Agreement as of January 19, 2026.

APPALACHIAN POWER COMPANY

By: _____
Name: David C. House
Title: Assistant Secretary

Exhibit 3.3

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

OF

APPALACHIAN POWER RECOVERY FUNDING LLC

Dated and Effective as of

[●], 2026

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AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT OF
APPALACHIAN POWER RECOVERY FUNDING LLC[1]

This AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") of APPALACHIAN POWER RECOVERY FUNDING LLC, a Delaware limited liability company (the "Company"), is made and entered into as of [●], 2026, by APPALACHIAN POWER COMPANY, a Virginia corporation (including any additional or successor members of the Company other than Special Members, the "Member").

WHEREAS, the Member has caused to be filed a Certificate of Formation with the Secretary of State of the State of Delaware to form the Company under and pursuant to the LLC Act and has entered into a Limited Liability Company Agreement of the Company, dated as of January 19, 2026 (the "Original LLC Agreement"); and

WHEREAS, in accordance with the LLC Act, the Member desires to enter into this Agreement to amend and restate in its entirety the Original LLC Agreement and to set forth the rights, powers and interests of the Member with respect to the Company and its Membership Interest therein and to provide for the management of the business and operations of the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Member, intending to be legally bound, hereby agrees to amend and restate in its entirety the Original LLC Agreement as follows:

ARTICLE I

GENERAL PROVISIONS

SECTION 1.01 Definitions.

(a) Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in Appendix A attached hereto.

(b) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) The words "hereof," "herein," "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Article, Section, Schedule, Exhibit, Annex, Appendix and Attachment references contained in this Agreement are references to Articles, Sections, Schedules, Exhibits, Annexes, Appendixes and Attachments in or to this Agreement unless otherwise specified; and the terms "includes" and "including" shall mean "includes without limitation" and "including without limitation," respectively.

[1] **Note to Form:** Subject to further review of Delaware counsel.

(d) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

(e) Non-capitalized terms used herein which are defined in the Securitization Law shall, as the context requires, have the meanings assigned to such terms in the Securitization Law, but without giving effect to amendments to the Securitization Law after the date hereof that have a material adverse effect on the Company or the Bondholders.

SECTION 1.02 Sole Member; Registered Office and Agent.

(a) The initial sole member of the Company shall be Appalachian Power Company, a Virginia corporation, or any successor as sole member pursuant to Sections 1.02(c), 6.06 and 6.07. The initial registered office and registered agent of the Company in the State of Delaware shall be The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, New Castle County. The Member may change said registered office and registered agent from one location to another in the State of Delaware. The Member shall provide written notice of any such change to the Indenture Trustee.

(b) Upon the occurrence of any event that causes the Member to cease to be a member of the Company (other than upon continuation of the Company without dissolution upon the transfer or assignment by the Member of all of its limited liability company interest in the Company and the admission of the transferee or an additional member of the Company pursuant to Sections 6.06 and 6.07), each Person acting as an Independent Manager (as defined herein) pursuant to the terms of this Agreement shall, without any action of any Person and simultaneously with the Member ceasing to be a member of the Company, automatically be admitted to the Company as a Special Member and shall continue the Company without dissolution. No Special Member may resign from the Company or transfer its rights as Special Member unless (i) a successor Special Member has been admitted to the Company as Special Member by executing a counterpart to this Agreement, and (ii) such successor has also accepted its appointment as an Independent Manager pursuant to this Agreement; provided, however, the Special Members shall automatically cease to be members of the Company upon the admission to the Company of a substitute Member. Each Special Member shall be a member of the Company that has no interest in the profits, losses and capital of the Company and has no right to receive any distributions of Company assets (and no Special Member shall be treated as a member of the Company for federal income tax purposes). Pursuant to Section 18-301 of the LLC Act, a Special Member shall not be required to make any capital contributions to the Company and shall not receive a limited liability company interest in the Company. A Special Member, in its capacity as Special Member, may not bind the Company. Except as required by any mandatory provision of the LLC Act, each Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, the Company, including the merger, consolidation, division or conversion of the Company. In order to implement the admission to the Company of each Special Member, each Person acting as an Independent Manager pursuant to this Agreement shall execute a counterpart to this Agreement and to the Management Agreement in the form attached hereto as Exhibit A.

Prior to its admission to the Company as Special Member, each Person acting as an Independent Manager pursuant to this Agreement shall not be a member of the Company. A "Special Member" means, upon such Person's admission to the Company as a member of the Company pursuant to this Section 1.02(b), a Person acting as an Independent Manager, in such Person's capacity as a member of the Company. A Special Member shall only have the rights and duties expressly set forth in this Agreement. For purposes of this Agreement, a Special Member is not included within the defined term "Member."

(c) The Company may admit additional Members with the affirmative vote of both (i) a majority of the Managers that are not an Independent Manager and (ii) each Independent Manager. Notwithstanding the preceding sentence, it shall be a condition to the admission of any additional Member that the sole Member shall have received an opinion of outside tax counsel (as selected by the Member in form and substance reasonably satisfactory to the Member and the Indenture Trustee) that the admission of such additional Member shall not cause the Company to be treated, for federal income tax purposes, as having more than one "sole owner" and that the Company shall not be treated, for federal income tax purposes, as an entity separate from such "sole owner."

SECTION 1.03 Other Offices. The Company may have an office at 1051 East Cary St., Suite 1100, Richmond, Virginia 23219, or at any other offices that may at any time be established by the Member at any place or places within or outside the State of Delaware. The Member shall provide notice to the Indenture Trustee of any change in the location of the Company's office.

SECTION 1.04 Name. The name of the Company shall be "Appalachian Power Recovery Funding LLC". The name of the Company may be changed from time to time by the Member with ten (10) days' prior written notice to the Managers and the Indenture Trustee, and the filing of an appropriate amendment to the Certificate of Formation with the Secretary of State as required by the LLC Act.

SECTION 1.05 Purpose; Nature of Business Permitted; Powers. The Company is intended to qualify as an "Assignee" as defined in Section 56-249.8.A of the Securitization Law. The purposes for which the Company is formed are limited to:

(a) purchase, acquire, own, hold, administer, service or enter into agreements regarding the receipt and servicing of SAC Property and the other SAC Bond Collateral, along with certain other related assets;

(b) manage, sell, assign, pledge, collect amounts due on or otherwise deal with the SAC Property and the other SAC Bond Collateral and related assets to be so acquired in accordance with the terms of the Basic Documents;

(c) negotiate, authorize, execute, deliver, assume the obligations under, and perform its duties under, the Basic Documents and any other agreement or instrument or document relating to the activities set forth in clauses (a) and (b) above; provided, that each party to any such agreement under which material obligations are imposed upon the Company shall covenant that it shall not, prior to the date which is one year and one day

after the termination of the Indenture and the payment in full of the SAC Bonds and any other amounts owed under the Indenture, acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any court or Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or any substantial part of the property of the Company; or ordering the winding up or liquidation of the affairs of the Company; and provided, further, that the Company shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the activities permitted under this Section 1.05;

(d) file with the U.S. Securities and Exchange Commission one or more registration statements, including any pre-effective or post-effective amendments thereto and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (including any prospectus supplement, prospectus and exhibits contained therein) and file such applications, reports, surety bonds, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register the SAC Bonds under the securities or "Blue Sky" laws of various jurisdictions;

(e) authorize, execute, deliver, issue and register the SAC Bonds;

(f) make payments on the SAC Bonds;

(g) pledge its interest in SAC Property and other SAC Bond Collateral to the Indenture Trustee under the Indenture in order to secure the SAC Bonds;

(h) distributing amounts released to the Member, subject to any requirements in the Basic Documents; and

(i) engage in any lawful act or activity and exercise any powers permitted to limited liability companies formed under the laws of the State of Delaware that, in either case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Company shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Basic Documents or other agreements referenced above. The Company shall have all powers reasonably incidental, necessary, suitable or convenient to effect the foregoing purposes, including all powers granted under the LLC Act. The Company may issue the SAC Bonds pursuant to the Financing Order. The Company is hereby authorized to execute, deliver and perform, and the Member, any Manager (other than an Independent Manager), or any officer of the Company, acting singly or collectively, on behalf of the Company, are hereby authorized to execute and deliver the SAC Bonds, the Basic Documents and all registration statements, underwriting agreements, documents, agreements, certificates or financing statements contemplated thereby or related thereto, all without any further act, vote, consent or approval of any Member, Manager or other Person, notwithstanding any other

provision of this Agreement, the LLC Act, or other applicable law, rule or regulation. Notwithstanding any other provision of this Agreement, the LLC Act or other applicable law, any Basic Document executed prior to the date hereof by any Member, Manager or officer on behalf of the Company is hereby ratified and approved in all respects. The authorization set forth in the two preceding sentences shall not be deemed a restriction on the power and authority of the Member or any Manager, including any Independent Manager, to enter into other agreements or documents on behalf of the Company as authorized pursuant to this Agreement and the LLC Act. The Company shall possess and may exercise all the powers and privileges granted by the LLC Act or by any other law or by this Agreement, together with any powers incidental thereto, insofar as such powers and privileges are incidental, necessary, suitable or convenient to the conduct, promotion or attainment of the business purposes or activities of the Company.

SECTION 1.06 Limited Liability Company Agreement; Certificate of Formation. This Agreement shall constitute a "limited liability company agreement" within the meaning of the LLC Act. Paula Haynes, as an authorized person within the meaning of the LLC Act, has caused a certificate of formation of the Company to be executed and filed in the office of the Secretary of State of the State of Delaware on November 12, 2025 (such execution and filing being hereby ratified and approved in all respects). Upon the filing of the Certificate of Formation with the Secretary of State of the State of Delaware, her powers as an "authorized person" ceased, and the Member thereupon became the designated "authorized person" and shall continue as the designated "authorized person" with the meaning of the LLC Act. The existence of the Company as a separate legal entity shall continue until the cancellation of the Certificate of Formation of the Company as provided in the LLC Act.

SECTION 1.07 Separate Existence. Except for financial reporting purposes (to the extent required by generally accepted accounting principles) and for federal income tax purposes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, the Member and the Managers shall take all steps necessary to continue the identity of the Company as a separate legal entity and to make it apparent to third Persons that the Company is an entity with assets and liabilities distinct from those of the Member, Affiliates of the Member or any other Person, and that, the Company is not a division of any of the Affiliates of the Company or any other Person. In that regard, and without limiting the foregoing in any manner, the Company shall:

(a) maintain the assets of the Company in such a manner that it is not costly or difficult to segregate, identify or ascertain its individual assets from those of any other Person, including any Affiliate;

(b) conduct all transactions with Affiliates on an arm's-length basis;

(c) not guarantee, become obligated for or pay the debts of any Affiliate or hold the credit of the Company out as being available to satisfy the obligations of any Affiliate or other Person (nor, except as contemplated in the Basic Documents, indemnify any Person for losses resulting therefrom), nor, except as contemplated in the Basic Documents, have any of its obligations guaranteed by any Affiliate or hold the Company out as responsible for the debts of any Affiliate or other Person or for the decisions or

actions with respect to the business and affairs of any Affiliate, nor seek or obtain credit or incur any obligation to any third party based upon the creditworthiness or assets of any Affiliate or any other Person (i.e. other than based on the assets of the Company) nor allow any Affiliate to do such things based on the credit of the Company;

(d) except as expressly otherwise permitted hereunder or under any of the Basic Documents, not permit the commingling or pooling of the Company's funds or other assets with the funds or other assets of any Affiliate;

(e) maintain separate deposit and other bank accounts and funds (separately identifiable from those of the Member or any other Person) to which no Affiliate has any access (except APCo, solely in its capacity as Servicer or as Administrator), which accounts shall be maintained in the name and, to the extent not inconsistent with applicable federal tax law, with the tax identification number of the Company;

(f) maintain full books of accounts and records (financial or other) and financial statements separate from those of its Affiliates or any other Person (except as described herein with respect to tax purposes and financial reporting), prepared and maintained in accordance with generally accepted accounting principles (including, all resolutions, records, agreements or instruments underlying or regarding the transactions contemplated by the Basic Documents or otherwise) and audited annually by an independent accounting firm which shall provide such audit to the Indenture Trustee;

(g) pay its own liabilities out of its own funds, including fees and expenses of the Administrator pursuant to the Administration Agreement and the Servicer pursuant to the Servicing Agreement;

(h) not hire or maintain any employees, but shall compensate (either directly or through reimbursement of the Company's allocable share of any shared expenses) all consultants, agents and Affiliates, to the extent applicable, for services provided to the Company by such consultants, agents or Affiliates, in each case, from the Company's own funds;

(i) allocate fairly and reasonably the salaries of and the expenses related to providing the benefits of officers or managers shared with the Member, any Special Member or any Manager;

(j) allocate fairly and reasonably any overhead shared with the Member, any Special Member or any Manager;

(k) pay from its own bank accounts for accounting and payroll services, rent, lease and other expenses (or the Company's allocable share of any such amounts provided by one or more other Affiliates) and not have such operating expenses (or the Company's allocable share thereof) paid by any Affiliates, provided, that the Member shall be permitted to pay the initial organization expenses of the Company and certain of the expenses related to the transactions contemplated by the Basic Documents as provided therein;

(l) maintain adequate capitalization to conduct its business and affairs considering the Company's size and the nature of its business and intended purposes and, after giving effect to the transactions contemplated by the Basic Documents, refrain from engaging in a business for which its remaining property represents an unreasonably small capital;

(m) conduct all of the Company's business (whether in writing or orally) solely in the name of the Company through the Member and the Company's Managers, officers and agents and hold the Company out as an entity separate from any Affiliate;

(n) not make or declare any distributions of cash or property to the Member except in accordance with appropriate limited liability company formalities and only consistent with sound business judgment to the extent that it is permitted pursuant to the Basic Documents and not violative of any applicable law;

(o) otherwise practice and adhere to all limited liability company procedures and formalities to the extent required by this Agreement or all other appropriate constituent documents and the laws of its state of formation and all other appropriate jurisdictions;

(p) not appoint an Affiliate or any employee of an Affiliate as an agent of the Company, except as otherwise permitted in the Basic Documents (although such Persons can qualify as a Manager or as an officer of the Company);

(q) not acquire obligations or securities of or make loans or advances to or pledge its assets for the benefit of any Affiliate, the Member or any Affiliate of the Member;

(r) not permit the Member or any Affiliate to acquire obligations of or make loans or advances to the Company;

(s) except as expressly provided in the Basic Documents, not permit the Member or any Affiliate to guarantee, pay or become liable for the debts of the Company nor permit any such Person to hold out its creditworthiness as being available to pay the liabilities and expenses of the Company nor, except for the indemnities in this Agreement and the Basic Documents, indemnify any Person for losses resulting therefrom;

(t) maintain separate minutes of the actions of the Member and the Managers, including the transactions contemplated by the Basic Documents;

(u) cause (i) all written and oral communications, including letters, invoices, purchase orders, and contracts, of the Company to be made solely in the name of the Company, (ii) the Company to have its own tax identification number (to the extent not inconsistent with applicable federal tax law), stationery, checks and business forms, separate from those of any Affiliate, (iii) all Affiliates not to use the stationery or business forms of the Company, and cause the Company not to use the stationery or business forms of any Affiliate, and (iv) all Affiliates not to conduct business in the name of the Company, and cause the Company not to conduct business in the name of any Affiliate;

(v) direct creditors of the Company to send invoices and other statements of account of the Company directly to the Company and not to any Affiliate and cause the Affiliates to direct their creditors not to send invoices and other statements of accounts of such Affiliates to the Company;

(w) cause the Member to maintain as official records all resolutions, agreements, and other instruments underlying or regarding the transactions contemplated by the Basic Documents;

(x) disclose, and cause the Member to disclose, in its financial statements the effects of all transactions between the Member and the Company in accordance with generally accepted accounting principles, and in a manner which makes it clear that (i) the Company is a separate legal entity, (ii) the assets of the Company (including the SAC Property transferred to the Company pursuant to the Sale Agreement) are not assets of any Affiliate and are not available to pay creditors of any Affiliate and (iii) neither the Member nor any other Affiliate is liable or responsible for the debts of the Company;

(y) except as described herein with respect to tax purposes and financial reporting, treat and cause the Member to treat the transfer of SAC Property from the Member to the Company as a sale under the Securitization Law;

(z) except as described herein with respect to tax purposes and financial reporting, describe and cause each Affiliate to describe the Company, and hold the Company out as a separate legal entity and not as a division or department of any Affiliate, and promptly correct any known misunderstanding regarding the Company's identity separate from any Affiliate or any Person;

(aa) so long as any of the SAC Bonds are outstanding, treat the SAC Bonds as debt for all purposes and specifically as debt of the Company, other than for financial reporting, state or federal regulatory or tax purposes;

(bb) solely for purposes of federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the SAC Bonds are outstanding, treat the SAC Bonds as indebtedness of the Member secured by the SAC Bond Collateral unless otherwise required by appropriate taxing authorities;

(cc) file its own tax returns, if any, as may be required under applicable law, to the extent (i) not part of a consolidated group filing a consolidated return or returns or (ii) not treated as a division or disregarded entity for tax purposes of another taxpayer, and pay any taxes so required to be paid under applicable law;

(dd) maintain its valid existence in good standing under the laws of the State of Delaware and maintain its qualification to do business under the laws of such other jurisdictions as its operations require;

(ee) not form, or cause to be formed, any subsidiaries;

(ff) comply with all laws applicable to the transactions contemplated by this Agreement and the Basic Documents; and

(gg) cause the Member to observe in all material respects all limited liability company procedures and formalities, if any, required by its constituent documents and the laws of its state of formation and all other appropriate jurisdictions.

Failure of the Company, or the Member or any Manager on behalf of the Company, to comply with any of the foregoing covenants or any other covenants contained in this Agreement shall not affect the status of the Company as a separate legal entity or the limited liability of the Member or the Managers.

SECTION 1.08 Limitation on Certain Activities. Notwithstanding any other provisions of this Agreement, the Company, and the Member or Managers on behalf of the Company, shall not:

(a) engage in any business or activity other than as set forth in Article I hereof;

(b) without the affirmative vote or consent of its Member and the affirmative vote or consent of all of the Managers, including each Independent Manager, file a voluntary petition for relief with respect to the Company under the Bankruptcy Code or similar law, consent to the institution of insolvency or bankruptcy proceedings against the Company or otherwise institute insolvency or bankruptcy proceedings with respect to the Company or take any limited liability company action in furtherance of any such filing or institution of a proceeding;

(c) without the affirmative vote or consent of all Managers, including each Independent Manager, and then only to the extent permitted by the Basic Documents, convert, merge or consolidate with any other Person or sell all or substantially all of its assets or acquire all or substantially all of the assets or capital stock or other ownership interest of any other Person;

(d) take any action, file any tax return, or make any election inconsistent with the treatment of the Company, for purposes of federal income taxes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, as a disregarded entity that is not separate from the Member;

(e) incur any indebtedness or assume or guarantee any indebtedness of any Person (other than the indebtedness incurred under the Basic Documents);

(f) without the affirmative vote or consent of all Managers, including each Independent Manager, amend the organizational documents of the Company in a manner that would adversely affect the bankruptcy-remote status of the Company or the interests of the Bondholders;

(g) issue any bonds other than the SAC Bonds contemplated by the Basic Documents; or

(h) to the fullest extent permitted by law, without the affirmative vote or consent of its Member and the affirmative vote or consent of all Managers, including each Independent Manager, execute any dissolution, liquidation, or winding up of the Company.

provided however, that neither the Member nor any Manager may authorize the taking of any of the foregoing actions described in clauses (b), (c), (f) or (h) of this Section 1.08 unless there is at least one Independent Manager then serving in such capacity.

So long as any of the SAC Bonds are outstanding, the Company and the Member shall give written notice to each applicable Rating Agency of any action described in clauses (b), (c), (f) or (h) of this Section 1.08 which is taken by or on behalf of the Company with the required affirmative vote or consent of the Member and all Managers, including each Independent Manager, as therein described.

SECTION 1.09 No State Law Partnership. No provisions of this Agreement shall be deemed or construed to constitute a partnership (including a limited partnership) or joint venture, or the Member a partner or joint venturer of or with any Manager or the Company, for any purposes.

ARTICLE II

CAPITAL

SECTION 2.01 Initial Capital. The initial capital of the Company shall be the sum of cash contributed to the Company by the Member (the "Capital Contribution") in the amount set out opposite the name of the Member on Schedule A hereto, as amended from time to time and incorporated herein by this reference.

SECTION 2.02 Additional Capital Contributions. The assets of the Company are expected to generate a return sufficient to satisfy all obligations of the Company under this Agreement and the Basic Documents and any other obligations of the Company. It is expected that no capital contributions to the Company will be necessary after the purchase of the SAC Property. On or prior to the date of issuance of the SAC Bonds, the Member shall make an additional contribution to the Company in an amount equal to at least 0.50% of the initial principal amount of the SAC Bonds or such greater amount as agreed to by the Member in connection with the issuance by the Company of the SAC Bonds, which amount the Company shall deposit into the capital subaccount established by the Indenture Trustee as provided in the Indenture. No capital contribution by the Member to the Company will be made for the purpose of mitigating losses on SAC Property that has previously been transferred to the Company, and all capital contributions shall be made in accordance with all applicable limited liability company procedures and requirements, including proper record keeping by the Member and the Company. Each capital contribution will be acknowledged by a written receipt signed by any one of the Managers. The Managers acknowledge and agree that, notwithstanding anything in this

Agreement to the contrary, such additional contribution will be invested only in investments eligible pursuant to the Basic Documents, and all income earned thereon shall be allocated or paid by the Indenture Trustee in accordance with the provisions of the Indenture.

SECTION 2.03 Capital Account. A Capital Account shall be established and maintained for the Member on the Company's books (the "Capital Account").

SECTION 2.04 Interest on Capital Account. Except as provided in the Securitization Law, the Financing Order and the Basic Documents (which may provide for payment of investment earnings on the Capital Account), no interest shall be paid or credited to the Member on its Capital Account or upon any undistributed profits left on deposit with the Company. Except as provided herein or by law, the Member shall have no right to demand or receive the return of its Capital Contribution.

ARTICLE III

ALLOCATIONS; BOOKS

SECTION 3.01 Allocations of Income and Loss.

(a) Book Allocations. The net income and net loss of the Company shall be allocated entirely to the Member.

(b) Tax Allocations. Because the Company is not making (and will not make) an election to be treated as an association taxable as a corporation under Section 301.7701-3(a) of the Treasury Regulations, and because the Company is a business entity that has a single owner and is not a corporation, it is expected to be disregarded as an entity separate from its owner for federal income tax purposes under Section 301.7701-3(b)(1) of the Treasury Regulations. Accordingly, all items of income, gain, loss, deduction and credit of the Company for all taxable periods will be treated for federal income tax purposes, and for state and local income and other tax purposes to the extent permitted by applicable law, as realized or incurred directly by the Member. To the extent not so permitted, all items of income, gain, loss, deduction and credit of the Company shall be allocated entirely to the Member as permitted by applicable tax law, and the Member shall pay (or indemnify the Company, the Indenture Trustee and each of their officers, managers, employees or agents for, and defend and hold harmless each such person from and against its payment of) any taxes levied or assessed upon all or any part of the Company's property or assets based on existing law as of the date hereof, including any sales, gross receipts, general corporation, personal property, privilege, franchise or license taxes (but excluding any taxes imposed as a result of a failure of such person to properly withhold or remit taxes imposed with respect to payments on any SAC Bond), in the event and to the extent such taxes are not recoverable as Ongoing Financing Costs. The Indenture Trustee (on behalf of the Secured Parties) shall be a third party beneficiary of the Member's obligations set forth in this Section 3.01, it being understood that Bondholders shall be entitled to enforce their rights against the Member under this Section 3.01 solely through a cause of action brought for their benefit by the Indenture Trustee.

SECTION 3.02 Company to be Disregarded for Tax Purposes. The Company shall comply with the applicable provisions of the Code and the applicable Treasury Regulations thereunder in the manner necessary to effect the intention of the Member that the Company be treated, for federal income tax purposes, as a disregarded entity that is not separate from the Member pursuant to Treasury Regulations Section 301.7701-1 et seq. and that the Company be accorded such treatment until its dissolution pursuant to Article IX hereof and shall take all actions, and shall refrain from taking any action, required by the Code or Treasury Regulations thereunder in order to maintain such status of the Company. In addition, for federal income tax purposes, the Company may not claim any credit on, or make any deduction from the principal or premium, if any, or interest payable in respect of, the SAC Bonds (other than amounts properly withheld from such payments under the Code or other tax laws) or assert any claim against any present or former Bondholder by reason of the payment of the taxes levied or assessed upon any part of the SAC Bond Collateral.

SECTION 3.03 Books of Account; Fiscal Year.

(a) Books of Account. At all times during the continuance of the Company, the Company shall maintain or cause to be maintained full, true, complete and correct books of account in accordance with generally accepted accounting principles, using the fiscal year and taxable year of the Member. In addition, the Company shall keep all records required to be kept pursuant to the LLC Act.

(b) Fiscal Year. The Company shall use the accounting year and taxable year of the Member. At the time of execution of this Agreement, the accounting year and taxable year is the calendar year.

SECTION 3.04 Access to Accounting Records. All books and records of the Company shall be maintained at any office of the Company or at the Company's principal place of business, and the Member, and its duly authorized representative, shall have access to them at such office of the Company and the right to inspect and copy them at reasonable times.

SECTION 3.05 Annual Tax Information. The Managers shall cause the Company to deliver to the Member all information necessary for the preparation of the Member's federal income tax return.

SECTION 3.06 Internal Revenue Service Communications. The Member shall communicate and negotiate with the U.S. Internal Revenue Service on any U.S. federal tax matter on behalf of the Member and the Company.

ARTICLE IV

MEMBER

SECTION 4.01 Powers. Subject to the provisions of this Agreement and the LLC Act, all powers shall be exercised by or under the authority of, and the business and affairs of the Company shall be controlled by, the Member pursuant to Section 4.04. The Member may delegate any or all such powers to the Managers. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Member shall have the following powers:

(a) To select and remove the Managers and all officers and agents of the Company, prescribe such powers and duties for them as may be consistent with the LLC Act and other applicable law and this Agreement, fix their compensation, and require from them security for faithful service; provided, that, except as provided in Section 7.06, at all times during when any SAC Bonds are outstanding and the Indenture remains in full force and effect (and otherwise in accordance with the Indenture) the Company shall have at least two Independent Managers. Prior to the issuance of any SAC Bonds, the Member shall appoint at least two (2) Independent Managers. An "Independent Manager" means a Manager that is a natural person and who (1) has prior experience as an independent director, independent manager or independent member, (2) is employed by a nationally-recognized company that provides professional independent managers or independent directors and other corporate services in the ordinary course of its business, (3) is duly appointed as an Independent Manager and (4) is not and has not been for at least five years from the date of his or her appointment, and will not while serving as an Independent Manager, be any of the following:

(i) a member, partner, equityholder, manager, director, officer or employee of the Company or any of its equityholders or Affiliates (other than as an independent director, independent manager or special member of the Company or an Affiliate of the Company that is not in the direct chain of ownership of the Company and that is required by a creditor to be a single purpose bankruptcy remote entity);

(ii) a creditor, supplier or service provider (including provider of professional services) to the Company, the Member or any of their respective equityholders or Affiliates (other than a nationally-recognized company that routinely provides professional independent managers or independent directors and other corporate services to the Company, the Member or any of its Affiliates in the ordinary course of its business);

(iii) a family member of any such member, partner, equityholder, manager, director, officer, employee, creditor, supplier or service provider; or

(iv) a Person that controls (whether directly, indirectly or otherwise) any of the Persons described in clauses (i), (ii) or (iii) above;

provided, that the indirect or beneficial ownership of stock of the Member or its Affiliates through a mutual fund or similar diversified investment vehicle with respect to which the owner does not have discretion or control over the investments held by such diversified investment vehicle shall not preclude such owner from being an Independent Manager. A natural person who otherwise satisfies the foregoing definition and satisfies subparagraph (i) by reason of being the independent manager or independent director of a "special purpose entity" affiliated with the Company shall be qualified to serve as an Independent Manager of the Company, provided that the fees that such individual earns from serving as an independent manager or independent director of Affiliates of the Company in any given year constitute in the

aggregate less than five percent (5%) of such individual's annual income for that year. For purposes of this paragraph, a "special purpose entity" is an entity, whose organizational documents contain restrictions on its activities and impose requirements intended to preserve such entity's separateness that are substantially similar to the Special Purpose Provisions (as hereinafter defined) of this Agreement. Promptly following any resignation or replacement of any Independent Manager, the Member shall give written notice to each applicable Rating Agency and to the Indenture Trustee of any such resignation or replacement.

(b) Subject to Sections 1.07 and 1.08 and Article VII hereof, to conduct, manage and control the affairs and business of the Company, and to make such rules and regulations therefor consistent with the LLC Act and other applicable law and this Agreement.

(c) To change the registered agent and office of the Company in Delaware from one location to another; to fix and locate from time to time one or more other offices of the Company; and to designate any place within or outside of the State of Delaware for the conduct of the business of the Company.

SECTION 4.02 Compensation of Member. To the extent permitted by applicable law, the Company shall have authority to reimburse the Member for out-of-pocket expenses incurred by the Member in connection with its service to the Company. It is understood that the compensation paid to the Member under the provisions of this Section 4.02 shall be determined without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered an Ongoing Financing Cost of the Company subject to the limitations on such expenses set forth in the Financing Order.

SECTION 4.03 Other Ventures. Notwithstanding any duties (including fiduciary duties) otherwise existing at law or in equity, it is expressly agreed that the Member, the Managers and any Affiliates, officers, directors, managers, stockholders, partners or employees of the Member, may engage in other business ventures of any nature and description, whether or not in competition with the Company, independently or with others, and the Company shall not have any rights in and to any independent venture or activity or the income or profits derived therefrom.

SECTION 4.04 Actions by the Member. All actions of the Member may be taken by written resolution of the Member which shall be signed on behalf of the Member by an authorized officer of the Member and filed with the records of the Company.

ARTICLE V

OFFICERS

SECTION 5.01 Designation; Term; Qualifications.

(a) Officers. The Managers may, from time to time, designate one or more Persons to be officers of the Company. Any officer so designated shall have such title and authority and perform such duties as the Managers may, from time to time, delegate to them. Each officer shall hold office for the term for which such officer is designated and until its

successor shall be duly designated and shall qualify or until its death, resignation or removal as provided in this Agreement. Any Person may hold any number of offices. No officer need be a Manager, the Member, a Delaware resident, or a United States citizen. The Member hereby appoints the Persons identified on Schedule C to be the officers of the Company as of the date hereof.

(b) President. The President shall be the chief executive officer of the Company, shall preside at all meetings of the Managers, shall be responsible for the general and active management of the business of the Company and shall see that all orders and resolutions of the Managers are carried into effect. The President or any other officer authorized by the President or the Managers may execute all contracts, except: (i) where required or permitted by law or this Agreement to be otherwise signed and executed, including Section 1.08; and (ii) where signing and execution thereof shall be expressly delegated by the Managers to some other officer or agent of the Company.

(c) Vice President. In the absence of the President or in the event of the President's inability to act, the Vice President, if any (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the Managers, or in the absence of any designation, then in the order of their election), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents, if any, shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(d) Secretary and Assistant Secretary. The Secretary shall be responsible for filing legal documents and maintaining records for the Company. The Secretary shall attend all meetings of the Managers and record all the proceedings of the meetings of the Company and of the Managers in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or shall cause to be given, notice of all meetings of the Member, if any, and special meetings of the Managers, and shall perform such other duties as may be prescribed by the Managers or the President, under whose supervision the Secretary shall serve. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Managers (or if there be no such determination, then in order of their designation), shall, in the absence of the Secretary or in the event of the Secretary's inability to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(e) Treasurer and Assistant Treasurer. The Treasurer shall have the custody of the Company funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Manager. The Treasurer shall disburse the funds of the Company as may be ordered by the Manager, taking proper vouchers for such disbursements, and shall render to the President and to the Managers, at its regular meetings or when the Managers so require, an account of all of the Treasurer's transactions and of the financial condition of the Company. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Managers (or if there be no such determination, then in the order of their

designation), shall, in the absence of the Treasurer or in the event of the Treasurer's inability to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(f) Officers as Agents. The officers of the Company, to the extent their powers as set forth in this Agreement or otherwise vested in them by action of the Managers are not inconsistent with this Agreement, are agents of the Company for the purpose of the Company's business and, subject to Section 1.08, the actions of the officers taken in accordance with such powers shall bind the Company.

(g) Duties of Managers and Officers. Except to the extent otherwise provided herein, each Manager (other than the Independent Managers) and officer of the Company shall have a fiduciary duty of loyalty and care similar to that of directors and officers of business corporations organized under the General Corporation Law of the State of Delaware.

SECTION 5.02 Removal and Resignation. Any officer of the Company may be removed as such, with or without cause, by the Managers at any time. Any officer of the Company may resign as such at any time upon written notice to the Company. Such resignation shall be made in writing and shall take effect at the time specified therein or, if no time is specified therein, at the time of its receipt by the Managers.

SECTION 5.03 Vacancies. Any vacancy occurring in any office of the Company may be filled by the Managers.

SECTION 5.04 Compensation. The compensation, if any, of the officers of the Company shall be fixed from time to time by the Managers. Such compensation shall be determined without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered a fixed Operating Expense of the Company subject to the limitations on such expenses set forth in the Financing Order.

ARTICLE VI

MEMBERSHIP INTEREST

SECTION 6.01 General. "Membership Interest" means the limited liability company interest of the Member in the Company. The Membership Interest constitutes personal property and, subject to Section 6.06, shall be freely transferable and assignable in whole but not in part upon registration of such transfer and assignment on the books of the Company in accordance with the procedures established for such purpose by the Managers of the Company.

SECTION 6.02 Distributions. The Member shall be entitled to receive, out of the assets of the Company legally available therefor, distributions payable in cash in such amounts, if any, as the Managers shall declare, subject to the priority of payment provisions in the Indenture. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to the Member on account of its interest in the Company if such distribution would violate Section 18-607 of the LLC Act or any other applicable law or any Basic Document.

SECTION 6.03 Rights on Liquidation, Dissolution or Winding Up.

(a) In the event of any liquidation, dissolution or winding up of the Company, the Member shall be entitled to all remaining assets of the Company available for distribution to the Member after satisfaction (whether by payment or reasonable provision for payment) of all liabilities, debts and obligations of the Company.

(b) Neither the sale of all or substantially all of the property or business of the Company, nor the merger or consolidation of the Company into or with another Person or other entity, shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purpose of this Section 6.03.

SECTION 6.04 Redemption. The Membership Interest shall not be redeemable.

SECTION 6.05 Voting Rights. Subject to the terms of this Agreement, the Member shall have the sole right to vote (or consent) on all matters as to which members of a limited liability company shall be entitled to vote (or consent) pursuant to the LLC Act and other applicable law.

SECTION 6.06 Transfer of Membership Interests.

(a) The Member may transfer its Membership Interest, in whole but not in part, but the transferee shall not be admitted as a Member except in accordance with Section 6.07. Until the transferee is admitted as a Member, the Member shall continue to be the sole member of the Company (subject to Section 1.02) and to be entitled to exercise any rights or powers of a Member of the Company with respect to the Membership Interest transferred.

(b) To the fullest extent permitted by law, any purported transfer of any Membership Interest in violation of the provisions of this Agreement shall be wholly void and shall not effectuate the transfer contemplated thereby. Notwithstanding anything contained herein to the contrary and to the fullest extent permitted by law, the Member may not transfer any Membership Interest in violation of any provision of this Agreement or in violation of any applicable federal or state securities laws.

SECTION 6.07 Admission of Transferee as Member.

(a) A transferee of a Membership Interest desiring to be admitted as a Member must execute a counterpart of, or an agreement adopting, this Agreement and, except as permitted by paragraph (b) below, shall not be admitted without unanimous affirmative vote or consent of the Managers, which vote or consent must include the affirmative vote or consent of each Independent Manager. Upon admission of the transferee as a Member, the transferee shall have the rights, powers and duties and shall be subject to the restrictions and liabilities of the Member under this Agreement and the LLC Act. The transferee shall also be liable, to the extent of the Membership Interest transferred, for the unfulfilled obligations, if any, of the transferor Member to make capital contributions to the Company, but shall not be obligated for liabilities unknown to the transferee at the time such transferee was admitted as a Member and that could not be ascertained from this Agreement. Except as set forth in paragraph (b) below, whether or not the transferee of a Membership Interest becomes a Member, the Member transferring the Membership Interest is not released from any liability to the Company under this Agreement or the LLC Act.

(b) The approval of the Managers, including each Independent Manager, shall not be required for the transfer of the Membership Interest from the Member to any successor pursuant to Section 5.02 of the Sale Agreement or the admission of such Person as a Member. Once the transferee of a Membership Interest pursuant to this paragraph (b) becomes a Member, the prior Member shall cease to be a member of the Company and shall be released from any liability to the Company under this Agreement and the LLC Act.

ARTICLE VII

MANAGERS

SECTION 7.01 Managers.

(a) Subject to Sections 1.07, 1.08 and 4.01, the business and affairs of the Company shall be managed by or under the direction of two or more Managers designated by the Member. Subject to the terms of this Agreement, the Member may determine at any time in its sole and absolute discretion the number of Managers. Subject in all cases to the terms of this Agreement, the authorized number of Managers may be increased or decreased by the Member at any time in its sole and absolute discretion, upon notice to all Managers; provided, that, except as provided in Section 7.06, from and after the issuance of the SAC Bonds, the Company shall have at least two (2) Independent Managers at all times during when any SAC Bonds are outstanding and the Indenture remains in full force and effect (and otherwise in accordance with the Indenture). The initial number of Managers shall be five (5), two (2) of which shall be Independent Managers. Each Manager designated by the Member shall hold office until a successor is elected and qualified or until such Manager's earlier death, resignation, expulsion or removal. Each Manager shall execute and deliver the Management Agreement in the form attached hereto as Exhibit A. Managers need not be a Member. The initial Managers designated by the Member are listed on Schedule B hereto.

(b) Each Manager shall be designated by the Member and shall hold office for the term for which designated and until a successor has been designated.

(c) Except as otherwise provided in Section 7.02 with respect to an Independent Manager, the Managers shall be obliged to devote only as much of their time to the Company's business as shall be reasonably required in light of the Company's business and objectives. Subject to Section 7.02, each Manager shall perform his or her duties as a Manager in good faith, in a manner he or she reasonably believes to be in the best interests of the Company, and with such care as an ordinarily prudent Person in a like position would use under similar circumstances.

(d) Except as otherwise provided in this Agreement, the Managers shall act by the affirmative vote or consent of a majority of the Managers. Notwithstanding the foregoing or any contrary provision of this Agreement, the vote or consent of each Independent Manager shall only be required for actions of the Managers with respect to which the terms of this Agreement

expressly require the consent of an Independent Manager, including without limitation, as expressly required in Section 1.02(c), Section 1.08(b), Section 1.08(c), Section 1.08(g), Section 6.07(a), Section 9.02(a) and Section 11.02(a), and any other actions of the Managers shall be taken, and a quorum of the Managers shall be calculated, as if each Independent Manager is not a Manager. Each Manager (other than the Independent Manager) shall have the authority to sign duly authorized agreements and other instruments on behalf of the Company without the joinder of any other Manager.

(e) Subject to the terms of this Agreement, any action may be taken by the Managers without a meeting and without prior notice if authorized by the written consent of a majority of the Managers (or such greater number as is required by this Agreement), which written consent shall be filed with the records of the Company.

(f) Every Manager is an agent of the Company for the purpose of its business, and the act of every Manager, including the execution in the Company name of any instrument for carrying on the business of the Company, binds the Company, unless such act is in contravention of this Agreement or unless the Manager so acting otherwise lacks the authority to act for the Company and the Person with whom he or she is dealing has knowledge of the fact that he or she has no such authority.

(g) To the extent permitted by law, the Managers shall not be personally liable for the Company's debts, obligations or liabilities.

SECTION 7.02 Powers of the Managers.

(a) Subject to the terms of this Agreement, the Managers shall have the right and authority to take all actions which the Managers deem incidental, necessary, suitable or convenient for the day-to-day management and conduct of the Company's business.

(b) Each Independent Manager may not delegate their duties, authorities or responsibilities hereunder. If any Independent Manager resigns, dies or becomes incapacitated, or such position is otherwise vacant, no action requiring the unanimous affirmative vote or consent of the Managers shall be taken until a successor Independent Manager is appointed by the Member and qualifies and approves such action.

(c) To the fullest extent permitted by law, including Section 18-1101(c) of the LLC Act, and notwithstanding any duty otherwise existing at law or in equity, the Independent Managers shall consider only the interests of the Company, including its creditors, in acting or otherwise voting on the matters referred to in Section 1.08. Except for duties to the Company as set forth in the immediately preceding sentence (including duties to the Member and the Company's creditors solely to the extent of their respective economic interests in the Company but excluding (i) all other interests of the Member, (ii) the interests of other Affiliates of the Company, and (iii) the interests of any group of Affiliates of which the Company is a part), the Independent Managers shall not have any fiduciary duties to the Member, any Manager or any other Person bound by this Agreement; provided, however, the foregoing shall not eliminate the implied contractual covenant of good faith and fair dealing. To the fullest extent permitted by law, including Section 18-1101(e) of the LLC Act, an Independent Manager shall not be liable to

the Company, the Member or any other Person bound by this Agreement for breach of contract or breach of duties (including fiduciary duties), unless the Independent Manager acted in bad faith or engaged in willful misconduct.

(d) No Independent Manager shall at any time serve as trustee in bankruptcy for any Affiliate of the Company.

(e) Subject to the terms of this Agreement, the Managers may exercise all powers of the Company and do all such lawful acts and things as are not prohibited by the LLC Act, other applicable law or this Agreement directed or required to be exercised or done by the Member. All duly authorized instruments, contracts, agreements and documents providing for the acquisition or disposition of property of the Company shall be valid and binding on the Company if executed by one or more of the Managers.

(f) Notwithstanding the terms of Section 7.01, 7.07 or 7.09 or any provision of this Agreement to the contrary, (x) no meeting or vote or consent with respect to any action described in clauses (b), (c) or (g) of Section 1.08 or any amendment to any of the Special Purpose Provisions (as hereinafter defined) shall be conducted unless each Independent Manager is present and (y) neither the Company nor the Member, any Manager or any officer on behalf of the Company shall (i) take any action described in clauses (b), (c) or (g) of Section 1.08 unless each Independent Manager has consented thereto or (ii) adopt any amendment to any of the Special Purpose Provisions unless each Independent Manager has consented thereto. The vote or consent of an Independent Manager with respect to any such action or amendment shall not be dictated by the Member or any other Manager or officer of the Company.

SECTION 7.03 Compensation; Reimbursement of Expenses.

(a) The Company shall pay each Independent Manager an annual fee in an amount equal to $[●] per year or such other amount as shall be determined from time to time by the Managers other than the Independent Managers (the "Independent Manager Fee"). Such fees shall be determined without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered a fixed Operating Expense of the Company subject to the limitations on such expenses set forth in the Financing Order. Each Manager, including each Independent Manager, is hereby deemed to be a "manager" within the meaning 18-101(12) of the LLC Act.

(b) To the extent permitted by applicable law, the Company may reimburse any Manager, directly or indirectly, for out-of-pocket expenses incurred by such Manager in connection with his or her services rendered to the Company. Such reimbursement shall be determined by the Managers without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered a fixed Operating Expense of the Company subject to the limitations on such expenses set forth in the Financing Order.

SECTION 7.04 Removal of Managers.

(a) Subject to Section 4.01, the Member may remove (i) any Manager, other than an Independent Manager, with or without cause at any time and (ii) any Independent Manager with Cause at any time, in each case whether at a meeting called expressly for that purpose or by any other method allowed for Member action.

(b) Subject to Sections 4.01 and 7.05, any removal of a Manager shall become effective on such date as may be specified by the Member and in a notice delivered to any remaining Managers or the Manager designated to replace the removed Manager (except that it shall not be effective on a date earlier than the date such notice is delivered to the remaining Managers or the Manager designated to replace the removed Manager). Should a Manager be removed who is also the Member, the Member shall continue to participate in the Company as the Member and receive its share of the Company's income, gains, losses, deductions and credits pursuant to this Agreement.

SECTION 7.05 Resignation of Manager. A Manager other than an Independent Manager may resign as a Manager at any time by thirty (30) days' prior notice to the Member. An Independent Manager may not withdraw or resign as a Manager of the Company without the consent of the Member. No resignation or removal of an Independent Manager, and no appointment of a successor Independent Manager, shall be effective until such successor (i) shall have accepted his or her appointment as an Independent Manager by a written instrument, which may be a counterpart signature page to the Management Agreement, and (ii) shall have executed a counterpart to this Agreement.

SECTION 7.06 Vacancies. Subject to Section 4.01, any vacancies among the Managers may be filled by the Member. In the event of a vacancy in the position of an Independent Manager, the Member shall, as soon as practicable, appoint a successor Independent Manager. Notwithstanding anything to the contrary contained in this Agreement, no Independent Manager shall be removed or replaced unless the Company provides the Indenture Trustee with no less than two (2) Business Days' prior written notice of (a) any proposed removal of such Independent Manager, and (b) the identity of the proposed replacement Independent Manager, together with a certification that such replacement Independent Manager satisfies the requirements for an Independent Manager set forth in this Agreement.

SECTION 7.07 Meetings of the Managers. The Managers may hold meetings, both regular and special, within or outside the State of Delaware. Regular meetings of the Managers may be held without notice at such time and at such place as shall from time to time be determined by the Managers. Special meetings of the Managers may be called by the President on not less than one day's notice to each Manager by telephone, facsimile, mail, email or any other means of communication, and special meetings shall be called by the President or Secretary in like manner and with like notice upon the written request of any one or more of the Managers.

SECTION 7.08 Electronic Communications. The Managers, or any committee designated by the Managers, may participate in meetings of the Managers, or any committee, by means of telephone or video conference, internet conferencing software or similar communications equipment that allows all Persons participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in Person at the meeting. If all the participants are participating by telephone or video conference, internet conferencing software or similar communications equipment, the meeting shall be deemed to be held at the principal place of business of the Company.

SECTION 7.09 Committees of Managers.

(a) The Managers may, by resolution passed by a majority of the Managers, designate one or more committees, each committee to consist of one or more of the Managers. The Managers may designate one or more Managers as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

(b) In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such members constitute a quorum, may unanimously appoint another Manager to act at the meeting in the place of any such absent or disqualified member.

(i) Any such committee, to the extent provided in a resolution of the Managers, shall have and may exercise all the powers and authority of the Managers in the management of the business and affairs of the Company. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Managers. Each committee shall keep regular minutes of its meetings and report the same to the Managers when required.

SECTION 7.10 Limitations on Independent Managers. All rights, powers and authority of each Independent Manager shall be limited to the extent necessary to exercise those rights and perform those duties specifically set forth in this Agreement.

ARTICLE VIII

EXPENSES

SECTION 8.01 Expenses. Except as otherwise provided in this Agreement or the other Basic Documents, the Company shall be responsible for all expenses and the allocation thereof including without limitation:

(a) all expenses incurred by the Member or its Affiliates in organizing the Company;

(b) all expenses related to the business of the Company and all routine administrative expenses of the Company, including the maintenance of books and records of the Company, the preparation and dispatch to the Member of checks, financial reports, tax returns and notices required pursuant to this Agreement;

(c) all expenses incurred in connection with any litigation or arbitration involving the Company (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith;

(d) all expenses for indemnity or contribution payable by the Company to any Person;

(e) all expenses incurred in connection with the collection of amounts due to the Company from any Person;

(f) all expenses incurred in connection with the preparation of amendments to this Agreement;

(g) all expenses incurred in connection with the liquidation, dissolution and winding up of the Company; and

(h) all expenses otherwise allocated in good faith to the Company by the Managers.

ARTICLE IX

PERPETUAL EXISTENCE; DISSOLUTION, LIQUIDATION AND WINDING-UP

SECTION 9.01 Existence.

(a) The Company shall have a perpetual existence, unless dissolved in accordance with this Agreement. So long as any of the SAC Bonds are outstanding, the Member shall not be entitled to consent to the dissolution of the Company.

(b) Notwithstanding any provision of this Agreement, the Bankruptcy of the Member or Special Member will not cause such Member or Special Member, respectively, to cease to be a member of the Company, and upon the occurrence of such an event, the business of the Company shall continue without dissolution. For purposes of this Section 9.01(b), "Bankruptcy" means, with respect to any Person (A) if such Person (i) makes an assignment for the benefit of creditors, (ii) files a voluntary petition in bankruptcy, (iii) is adjudged a bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceedings, (iv) files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature, or (vi) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Person or of all or any substantial part of its properties, or (B) if one-hundred and twenty (120) days after the commencement of any proceeding against the Person seeking reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, the proceeding has not been dismissed or if within ninety (90) days after the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of its properties, the appointment is not vacated or stayed, or within ninety (90) days after the expiration of any such stay, the appointment is not vacated. The foregoing definition of "Bankruptcy" is intended to replace and shall supersede and replace the definition of "Bankruptcy" set forth in Sections 18-101(1) and 18-304 of the LLC Act. Upon the occurrence of any event that causes the last remaining member of the Company to cease to be a member of the Company or that causes the Member to cease to be a member of the Company

(other than a continuation of the Company without dissolution upon an assignment by the Member of all of its limited liability company interest in the Company and the admission of the transferee pursuant to Sections 6.06 and 6.07), to the fullest extent permitted by law, the personal representative of such member is hereby authorized to, and shall, within ninety (90) days after the occurrence of the event that terminated the continued membership of such member in the Company, agree in writing (i) to continue the Company and (ii) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of the Company, effective as of the occurrence of the event that terminated the continued membership of the last remaining member of the Company or the Member in the Company.

SECTION 9.02 Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the occurrence of the earliest of the following events:

(a) subject to Section 1.08, the election to dissolve the Company made in writing by the Member and each Manager, including each Independent Manager, as permitted under the Basic Documents and after the discharge in full of the SAC Bonds;

(b) the termination of the legal existence of the last remaining member of the Company or the occurrence of any event that causes the last remaining member of the Company to cease to be a member of the Company unless the business of the Company is continued without dissolution in a manner permitted by the LLC Act or this Agreement; or

(c) the entry of a decree of judicial dissolution of the Company pursuant to Section 18-802 of the LLC Act.

SECTION 9.03 Accounting. In the event of the dissolution, liquidation and winding-up of the Company, a proper accounting shall be made of the Capital Account of the Member and of the net income or net loss of the Company from the date of the last previous accounting to the date of dissolution.

SECTION 9.04 Certificate of Cancellation. As soon as possible following the occurrence of any of the events specified in Section 9.02 and the completion of the winding up of the Company, the Person winding up the business and affairs of the Company, as an authorized person, shall cause to be executed a Certificate of Cancellation of the Certificate of Formation and file the Certificate of Cancellation of the Certificate of Formation as required by the LLC Act.

SECTION 9.05 Winding Up. Upon the occurrence of any event specified in Section 9.02, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors. The Member, or if there is no Member, the Managers, shall be responsible for overseeing the winding up and liquidation of the Company, shall take full account of the liabilities of the Company and its assets, shall either cause its assets to be sold or distributed, and if sold as promptly as is consistent with obtaining the fair market value thereof, shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided in Section 9.06.

SECTION 9.06 Order of Payment of Liabilities Upon Dissolution. After determining that all debts and liabilities of the Company, including all contingent, conditional or unmatured liabilities of the Company, in the process of winding-up, including, without limitation, debts and liabilities to the Member in the event it is a creditor of the Company to the extent otherwise permitted by law, have been paid or adequately provided for, the remaining assets shall be distributed in cash or in kind to the Member.

SECTION 9.07 Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, the Member shall only be entitled to look solely to the assets of the Company for the return of its positive Capital Account balance and shall have no recourse for its Capital Contribution and/or share of net income (upon dissolution or otherwise) against any Manager.

SECTION 9.08 Limitation on Liability. Except as otherwise provided by the LLC Act and except as otherwise characterized for tax and financial reporting purposes, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member or Manager shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member or a Manager.

ARTICLE X

INDEMNIFICATION

SECTION 10.01 Indemnity. Subject to the provisions of Section 10.04 hereof, to the fullest extent permitted by law, the Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the Company, by reason of the fact that such Person is or was a Manager, Member, officer, controlling Person, legal representative or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, partnership, corporation, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such Person in connection with the action, suit or proceeding if such Person acted in good faith and in a manner which such Person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to a criminal action or proceeding, had no reasonable cause to believe such Person's conduct was unlawful; provided that such Person shall not be entitled to indemnification if such judgment, penalty, fine or other expense was directly caused by such Person's fraud, gross negligence or willful misconduct or, in the case of an Independent Manager, bad faith or willful misconduct.

SECTION 10.02 Indemnity for Actions By or In the Right of the Company. Subject to the provisions of Section 10.04 hereof, to the fullest extent permitted by law, the Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the rights of the Company to procure a judgment in its favor by reason of the fact that such Person is or was a Member, Manager,

officer, controlling Person, legal representative or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by such Person in connection with the defense or settlement of the actions or suit if such Person acted in good faith and in a manner which such Person reasonably believed to be in or not opposed to the best interests of the Company; provided that such Person shall not be entitled to indemnification if such judgment, penalty, fine or other expense was directly caused by such Person's fraud, gross negligence or willful misconduct or, in the case of an Independent Manager, bad faith or willful misconduct. Indemnification may not be made for any claim, issue or matter as to which such Person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the Company or for amounts paid in settlement to the Company, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the Person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

SECTION 10.03 Indemnity If Successful. To the fullest extent permitted by law, the Company shall indemnify any Person who is or was a Manager, Member, officer, controlling Person, legal representative or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise against expenses, including reasonable attorneys' fees, actually and reasonably incurred by him or her in connection with the defense of any action, suit or proceeding referred to in Sections 10.01 and 10.02 or in defense of any claim, issue or matter therein, to the extent that such Person has been successful on the merits.

SECTION 10.04 Expenses. Any indemnification under Sections 10.01 and 10.02, as well as the advance payment of expenses permitted under Section 10.05 unless ordered by a court or advanced pursuant to Section 10.05 below, must be made by the Company only as authorized in the specific case upon a determination that indemnification of the Manager, Member, officer, controlling Person, legal representative or agent is proper in the circumstances. The determination must be made:

(a) by the Member if the Member was not a party to the act, suit or proceeding; or

(b) if the Member was a party to the act, suit or proceeding by independent legal counsel in a written opinion.

SECTION 10.05 Advance Payment of Expenses. The expenses of each Person who is or was a Manager, Member, officer, controlling Person, legal representative or agent, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company as they are incurred

and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of such Person to repay the amount if it is ultimately determined by a court of competent jurisdiction that such Person is not entitled to be indemnified by the Company. The provisions of this Section 10.05 shall not affect any rights to advancement of expenses to which personnel other than the Member or the Managers (other than each Independent Manager) may be entitled under any contract or otherwise by law.

SECTION 10.06 Other Arrangements Not Excluded. The indemnification and advancement of expenses authorized in or ordered by a court pursuant to this Article X:

(a) does not exclude any other rights to which a Person seeking indemnification or advancement of expenses may be entitled under any agreement, decision of the Member or otherwise, for either an action of any Person who is or was a Manager, Member, officer, controlling Person, legal representative or agent, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, in the official capacity of such Person or an action in another capacity while holding such position, except that indemnification and advancement, unless ordered by a court pursuant to Section 10.05 above, may not be made to or on behalf of such Person if a final adjudication established that its acts or omissions involved intentional misconduct, fraud or a knowing violation of the law and were material to the cause of action; and

(b) continues for a Person who has ceased to be a Member, Manager, officer, legal representative or agent and inures to the benefit of the successors, heirs, executors and administrators of such a Person.

ARTICLE XI

MISCELLANEOUS PROVISIONS

SECTION 11.01 No Bankruptcy Petition; Dissolution.

(a) To the fullest extent permitted by law, the Member, each Special Member and each Manager hereby covenant and agree (or shall be deemed to have hereby covenanted and agreed) that, prior to the date which is one year and one day after the termination of the Indenture and the payment in full of the SAC Bonds and any other amounts owed under the Indenture, it will not acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any court or Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or any substantial part of the property of the Company, or ordering the winding up or liquidation of the affairs of the Company; provided, however, that nothing in this Section 11.01 shall constitute a waiver of any right to indemnification, reimbursement or other payment from the Company pursuant to this Agreement. This Section 11.01 is not intended to apply to the filing of a voluntary bankruptcy petition on behalf of the Company which is governed by Section 1.08 of this Agreement.

(b) To the fullest extent permitted by law, the Member, each Special Member and each Manager hereby covenants and agrees (or shall be deemed to have hereby covenanted and agreed) that, until the termination of the Indenture and the payment in full of the SAC Bonds and any other amounts owed under the Indenture, the Member, such Special Member and such Manager will not consent to, or make application for, or institute or maintain any action for, the dissolution of the Company under Section 18-801 or 18-802 of the LLC Act or otherwise.

(c) In the event that the Member, any Special Member or any Manager takes action in violation of this Section 11.01, the Company agrees that it shall file an answer with the court or otherwise properly contest the taking of such action and raise the defense that the Member, the Special Member or Manager, as the case may be, has agreed in writing not to take such action and should be estopped and precluded therefrom and such other defenses, if any, as its counsel advises that it may assert.

(d) The provisions of this Section 11.01 shall survive the termination of this Agreement and the resignation, withdrawal or removal of the Member, any Special Member or any Manager. Nothing herein contained shall preclude participation by the Member, any Special Member or a Manager in assertion or defense of its claims in any such proceeding involving the Company.

SECTION 11.02 Amendments.

(a) The power to alter, amend or repeal this Agreement shall be only with the written consent of the Member, provided, that:

(i) the Company shall not alter, amend or repeal any provision of Sections 1.02(b) and (c), 1.05, 1.07, 1.08, 3.01(b), 3.02, 4.01, 6.06, 6.07, 7.01, 7.02, 7.04, 7.05, 7.06, 7.10, 9.01, 9.02, 11.02, 11.03 and 11.08 of this Agreement or the definition of "Independent Manager" contained herein or the requirement that at all times after the issuance of the Bonds the Company have at least two (2) Independent Managers (collectively, the "Special Purpose Provisions") without, in each case, the affirmative vote or consent of a majority of the Managers, which vote or consent must include the affirmative vote of each Independent Manager; and

(ii) the Company may amend Sections 5.04, and 7.03 of this Agreement.

So long as any of the SAC Bonds are outstanding, the Company and the Member shall give written notice to each applicable Rating Agency and to the Indenture Trustee of any amendment to this Agreement. The effectiveness of any amendment of the Special Purpose Provisions shall be subject to the Rating Agency notice conditions set forth in the Basic Documents (other than an amendment which is necessary: (i) to cure any ambiguity or (ii) to correct or supplement any such provision in a manner consistent with the intent of this Agreement).

(b) The Company's power to alter or amend the Certificate of Formation shall be vested in the Member. Upon obtaining the approval of any amendment, supplement or restatement as to the Certificate of Formation, the Member on behalf of the Company shall cause a Certificate of Amendment or Amended and Restated Certificate of Formation to be prepared, executed and filed in accordance with the LLC Act.

(c) Notwithstanding anything in this Agreement to the contrary, including Sections 11.02(a) and (b), unless any SAC Bonds have been issued and remain outstanding, the Member may, without the need for any consent or action of, or notice to, any other Person, including any Manager, any officer, the Indenture Trustee or any Rating Agency, alter, amend or repeal this Agreement in any manner.

SECTION 11.03 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.04 Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.05 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.06 Assigns. Each and all of the covenants, terms, provisions and agreements contained in this Agreement shall be binding upon and inure to the benefit of the Member, and its permitted successors and assigns.

SECTION 11.07 Enforcement by Each Independent Manager. Notwithstanding any other provision of this Agreement, the Member agrees that this Agreement constitutes a legal, valid and binding agreement of the Member, and is enforceable against the Member by each Independent Manager in accordance with its terms. The Independent Managers are intended beneficiaries of this Agreement.

SECTION 11.08 Waiver of Partition; Nature of Interest. Except as otherwise expressly provided in this Agreement, to the fullest extent permitted by law, each of the Member and the Special Members hereby irrevocably waives any right or power that such Person might have to cause the Company or any of its assets to be partitioned, to cause the appointment of a receiver for all or any portion of the assets of the Company, to compel any sale of all or any portion of the assets of the Company pursuant to any applicable law or to file a complaint or to institute any proceeding at law or in equity to cause the dissolution, liquidation, winding up or termination of the Company. The Member shall not have any interest in any specific assets of the Company, and the Member shall not have the status of a creditor with respect to any distribution pursuant to this Agreement.

SECTION 11.09 Benefits of Agreement; No Third-Party Rights. Except for the Indenture Trustee with respect to the Special Purpose Provisions and Persons entitled to indemnification hereunder, none of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of the Company or by any creditor of the Member or Special Member. Nothing in this Agreement shall be deemed to create any right in any Person (other than the Indenture Trustee with respect to the Special Purpose Provisions and Persons entitled to indemnification hereunder) not a party hereto, and this Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any third Person.

SECTION 11.10 Notices to Indenture Trustee and Rating Agencies. Any notice or other communication required to be given hereunder to the Indenture Trustee or a Rating Agency shall be in writing and addressed to the notice address specified in the Indenture for the Indenture Trustee or such Rating Agency, as applicable.

SECTION 11.11 Electronic Signatures. Each party hereto agrees that this Agreement may be electronically signed, that any digital or electronic signatures appearing on this Agreement are the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and that delivery of any such electronic signature to, or a signed copy of, this Agreement may be made by facsimile, email or other electronic transmission.

(*Signatures follow.*)

IN WITNESS WHEREOF, this Agreement is hereby executed by the undersigned as the sole Member of the Company and is effective as of the date first written above.

APPALACHIAN POWER COMPANY

By: _____
Name:
Title:

ACKNOWLEDGED AND AGREED:

[*Name*],
as Manager

_____

[*Name*],
as Manager

_____

[*Name*],
as Manager

_____

[*Name*],
as Independent Manager

_____

[*Name*],
as Independent Manager

_____

SCHEDULE A

SCHEDULE OF CAPITAL CONTRIBUTIONS OF MEMBER

MEMBER'S NAME	CAPITAL CONTRIBUTION	MEMBERSHIP INTEREST PERCENTAGE	CAPITAL ACCOUNT
Appalachian Power Company	$100	100%	$100

SCHEDULE B

INITIAL MANAGERS

[*Names to be inserted*]

SCHEDULE C

INITIAL OFFICERS

Name	Office
[ ]	President
[ ]	Vice President and Treasurer
[ ]	Controller and Chief Accounting Officer
[ ]	Secretary
[ ]	Assistant Treasurer
[ ]	Assistant Secretary

EXHIBIT A

MANAGEMENT AGREEMENT

[*Insert Date*]

Appalachian Power Recovery Funding LLC
1051 East Cary St., Suite 1100
Richmond, Virginia 23219

Re: Management Agreement — Appalachian Power Recovery Funding LLC

Ladies and Gentlemen:

For good and valuable consideration, each of the undersigned Persons, who have been designated as managers of Appalachian Power Recovery Funding LLC, a Delaware limited liability company (the "Company"), in accordance with the Amended and Restated Limited Liability Company Agreement of the Company, dated as of [●], 2026 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "LLC Agreement"), hereby agree as follows:

1. Each of the undersigned accepts such Person's rights and authority as a Manager under the LLC Agreement and agrees to perform and discharge such Person's duties and obligations as a Manager under the LLC Agreement, and further agrees that such rights, authorities, duties and obligations under the LLC Agreement shall continue until such Person's successor as a Manager is designated or until such Person's resignation or removal as a Manager in accordance with the LLC Agreement. Each of the undersigned agrees and acknowledges that he or she has been designated as a "manager" of the Company within the meaning of the Delaware Limited Liability Company Act.

2. Until one year and one day has passed since the date that the last obligation under the Basic Documents was paid, to the fullest extent permitted by law, each of the undersigned agrees, solely in his or her capacity as a creditor of the Company on account of any indemnification or other payment owing to the undersigned by the Company, not to acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any court or governmental authority for the purpose of commencing or sustaining a case against the Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or any substantial part of the property of the Company, or ordering the winding up or liquidation of the affairs of the Company.

3. THIS MANAGEMENT AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, AND ALL RIGHTS AND REMEDIES SHALL BE GOVERNED BY SUCH LAWS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

Capitalized terms used and not otherwise defined herein have the meanings set forth in the LLC Agreement.

This Management Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Management Agreement and all of which together shall constitute one and the same instrument. Each party hereto agrees that this Management Agreement may be electronically signed, that any digital or electronic signatures appearing on this Management Agreement are the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and that delivery of any such electronic signature to, or a signed copy of, this Management Agreement may be made by facsimile, email or other electronic transmission.

(*Signatures follow*.)

IN WITNESS WHEREOF, the undersigned have executed this Management Agreement as of the day and year first above written.

_____
[*Name of Manager*]

_____
[*Name of Manager*]

_____
[*Name of Manager*]

_____
[*Name of Independent Manager*]

_____
[*Name of Independent Manager*]

APPENDIX A

DEFINITIONS

As used in this Agreement, the following terms have the following meanings:

"Administration Agreement" means the administration agreement to be entered into between the Company and the Administrator pursuant to which the Administrator will provide certain management services to the Company, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Administrator" means APCo, as the initial "Administrator" under the Administration Agreement, or any successor "Administrator" to the extent permitted under the Administration Agreement.

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"APCo" means Appalachian Power Company, a Virginia corporation, and any of its successors or permitted assigns.

"Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.), as amended from time to time.

"Basic Documents" means the Indenture, the Administration Agreement, the Sale Agreement, the Bill of Sale, the Certificate of Formation, this Agreement, the Servicing Agreement, the Intercreditor Agreement, the Letter of Representations, the Underwriting Agreement and all other documents and certificates delivered in connection therewith.

"Bill of Sale" means the bill of sale given by APCo, as Seller, in connection with the sale of the SAC Property pursuant to the Sale Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Bondholder" means the Person in whose name a SAC Bond is registered.

"Capital Account" is defined in Section 2.03 of this Agreement.

"Capital Contribution" is defined in Section 2.01 of this Agreement.

"Cause" means, with respect to an Independent Manager, (i) acts or omissions by such Independent Manager that constitute willful disregard of, or willful misconduct, bad faith or gross negligence with respect to, such Independent Manager's duties under or in connection with

this Agreement, (ii) that such Independent Manager has engaged in or has been charged with or has been indicted or convicted for any crime or crimes of fraud or other acts constituting a crime under any law applicable to such Independent Manager, (iii) that such Independent Manager has breached its fiduciary duties of loyalty or care as and to the extent of such duties in accordance with the terms of the Company's organizational documents, (iv) there is a material increase in the fees charged by such Independent Manager or a material change to such Independent Manager's terms of service, (v) such Independent Manager is unable to perform his or her duties as Independent Manager due to death, disability, incapacity or other cause, or (vi) such Independent Manager no longer meets the criteria specified in the definition of Independent Manager.

"Certificate of Formation" means the Certificate of Formation filed with the Secretary of State of the State of Delaware on November 12, 2025 pursuant to which the Company was formed.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collection Account" means the account established and maintained by the Indenture Trustee in accordance with the Indenture and any subaccounts contained therein.

"Commission" means the State Corporation Commission of the Commonwealth of Virginia, or any Governmental Authority succeeding to the duties of such agency.

"Company" has the meaning set forth in the preamble to this Agreement.

"Financing Order" means the Financing Order dated November 24, 2025, issued by the Commission pursuant to the Securitization Law in Case No. 2025-00116 authorizing the creation of the SAC Property.

"Governmental Authority" means any nation or government, any federal, state, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Indenture" means the Indenture to be entered into between the Company and the Indenture Trustee authorizing the issuance of the SAC Bonds, as originally executed and, as from time to time supplemented or amended by any supplements or indentures supplemental thereto entered into pursuant to the applicable provisions of the Indenture, as so supplemented or amended, or both, and shall include the forms and terms of the SAC Bonds established thereunder.

"Indenture Trustee" means a third-party financial company or bank to be designated as indenture trustee under the Indenture for the benefit of the Secured Parties, or any successor indenture trustee under the Indenture.

"Independent Manager" is defined in Section 4.01(a) of this Agreement.

"Independent Manager Fee" is defined in Section 4.01(a) of this Agreement.

"Intercreditor Agreement" means the Intercreditor Agreement, dated as of September 7, 2022, as amended and restated as of December 9, 2024, by and among AEP Credit, Inc., JPMorgan Chase Bank, N.A., as administrative agent and control agent, and the issuers, servicers and indenture trustees from time-to-time party thereto, as modified by the Intercreditor Joinder.

"Intercreditor Joinder" means the joinder to the Intercreditor Agreement to be entered into by and among APCo, the Company, the Indenture Trustee, AEP Credit Inc., and JPMorgan Chase Bank, N.A., as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Letter of Representations" means any applicable agreement between the Company and an organization registered as a "clearing agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, pertaining to the SAC Bonds, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"LLC Act" means the Delaware Limited Liability Company Act (6 Del.C. §18-101, et seq.), as amended.

"Manager" means each manager, including any Independent Manager, of the Company under this Agreement.

"Member" has the meaning set forth in the preamble to this Agreement.

"Membership Interest" is defined in Section 6.01 of this Agreement.

"Ongoing Financing Cost" means the costs of servicing the SAC Bonds over their life allowed to be recovered as a component of SAC Charges under the Financing Order.

"Operating Expenses" means all unreimbursed fees, costs and expenses of the Company, including all amounts owed by the Company to the Indenture Trustee or the applicable securities intermediary (including indemnities, legal fees and expenses) or any Manager, the servicing fee, the administration fee, reimbursable expenses, the Independent Manager Fee and any other fees relating to the SAC Bonds payable by the Company to the Independent Managers, administrative expenses, including, legal and accounting fees, Rating Agency fees, any franchise fees, license fees or other taxes owed by the Company, including any imposed on SAC Charges or on investment income in the Collection Account (to the extent of the Company's interest), and any other costs and expenses of the Company or APCo specified as being Operating Expenses in the Basic Documents.

"Original LLC Agreement" has the meaning set forth in the preamble to this Agreement.

"Person" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"Rating Agency" with respect to the SAC Bonds, means each of Moody's Investors Service, Inc. and S&P Global Ratings, a division of S&P Global Inc., or any successors thereto, which provides a rating with respect to the SAC Bonds. If no such organization or successor is

any longer in existence, "Rating Agency" shall be a nationally recognized statistical rating organization or other comparable Person designated by the Company, written notice of which designation shall be given to the Indenture Trustee and the Servicer.

"SAC Bond Collateral" means the SAC Property and related properties and rights of the Company, including, without limitation, the Company's rights, title and interest in, to and under the Sale Agreement, certain deposit accounts and securities accounts, including the Collection Account, and the other collateral specified in the Indenture, all of which are encumbered by the Company as collateral for the SAC Bonds.

"SAC Bonds" means the securitized asset cost bonds authorized by the Financing Order and issued under the Indenture.

"SAC Charge" means any "securitized asset cost charge" (as defined in Section 56-249.8.A. of the Securitization Law), which is authorized by the Financing Order.

"SAC Property" means all "securitized asset cost property" created pursuant to the Financing Order and sold or otherwise conveyed to the Company under the Sale Agreement, including: (i) all rights and interests of APCo, or its successor or assignee, under the Financing Order, including the right to impose, bill, charge, collect and receive SAC Charges authorized in the Financing Order and to obtain periodic adjustments to such SAC Charges as provided in the Financing Order, and (ii) all revenues, collections, claims, rights to payments, payments, money or proceeds arising from the rights and interests specified in the Financing Order, regardless of whether such revenues, collections, claims, rights to payment, payments, money or proceeds are imposed, billed, charged, collected or received with, or maintained together with or commingled with, other revenues, collections, rights to payment, payments, money or proceeds.

"Sale Agreement" means a sale agreement to be entered into pursuant to which the Seller will sell its rights and interests in the SAC Property to the Company.

"Secured Parties" means the Indenture Trustee, the Bondholders and any credit enhancer described in the Basic Documents.

"Securitization Law" means § 249.8 of Title 56 of the Va Code, as may be amended from time to time.

"Seller" means APCo, as "Seller" under the Sale Agreement, or any successor "Seller" to the extent permitted under the Sale Agreement.

"Servicer" means APCo, as "Servicer" under the Servicing Agreement, or any successor "Servicer" to the extent permitted under the Servicing Agreement.

"Servicing Agreement" means the servicing agreement to be entered into pursuant to which the Servicer will service the SAC Property on behalf of the Company, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Special Member" is defined in Section 1.02(b) of this Agreement.

"Special Purpose Provisions" is defined in Section 11.02(a) of this Agreement.

"Treasury Regulations" means the regulations, including proposed or temporary regulations, promulgated under the Code.

"Underwriters" means the underwriters who purchase SAC Bonds of any tranche from the Company and sell such SAC Bonds in a public offering.

"Underwriting Agreement" means the Underwriting Agreement, to be entered into, by and among APCo, the representative(s) of the Underwriters named therein and the Company, as the same may be amended, supplemented or modified from time to time.

"Va Code" means the Code of Virginia, as amended from time to time.

Exhibit 4.1

APPALACHIAN POWER RECOVERY FUNDING LLC,

as Issuer,

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,

as Indenture Trustee,

and

U.S. BANK NATIONAL ASSOCIATION,

as Securities Intermediary

INDENTURE

Dated as of [●], 2026

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TRUST INDENTURE ACT CROSS REFERENCE TABLE

TIA SECTION		INDENTURE SECTION
310	(a)(1)	6.11
	(a)(2)	6.11
	(a)(3)	6.10(b)(i)
	(a)(4)	N.A.
	(a)(5)	6.11
	(b)	6.11
311	(a)	6.12
	(b)	6.12
312	(a)	7.01 and 7.02
	(b)	7.02(b)
	(c)	7.02(c)
313	(a)	7.04
	(b)(1)	7.04
	(b)(2)	7.04
	(c)	7.04
	(d)	N/A
314	(a)	3.09, 4.01, and 7.03(a)
	(b)	3.06 and 4.01
	(c)(1)	2.10, 4.01, 8.04(b) and 10.01(a)
	(c)(2)	2.10, 4.01, 8.04(b) and 10.01(a)
	(c)(3)	2.10, 4.01 and 10.01(a)
	(d)	2.10, 8.04(b) and 10.01(b)
	(e)	10.01(a)
	(f)	10.01(a)
315	(a)	6.01(b)(i) and (ii)
	(b)	6.05

TIA Section		Indenture Section
	(c)	6.01(a)
	(d)	6.01(c)(i)-(iii)
	(e)	5.13
316	(a) (last sentence)	Appendix A – definition of "Outstanding"
	(a)(1)(A)	5.11
	(a)(1)(B)	5.12
	(a)(2)	N/A
	(b)	5.07
	(c)	Appendix A – definition of "Record Date"
317	(a)(1)	5.03(a)
	(a)(2)	5.03(c)(iv)
	(b)	3.03
318	(a)	10.07
	(b)	10.07
	(c)	10.07

** "N/A" shall mean "not applicable."

THIS CROSS REFERENCE TABLE SHALL NOT, FOR ANY PURPOSE, BE DEEMED TO BE PART OF THIS INDENTURE.

INDENTURE

This INDENTURE dated as of [•], 2026, by and between APPALACHIAN POWER RECOVERY FUNDING LLC, a Delaware limited liability company (the "Issuer"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity but solely in its capacity as indenture trustee (the "Indenture Trustee") for the benefit of the Secured Parties (as defined herein), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, not in its individual capacity but solely in its capacity as securities intermediary and account bank (the "Securities Intermediary").

In consideration of the mutual agreements herein contained, each party agrees as follows for the benefit of the other and each of the Holders:

RECITALS OF THE ISSUER

The Issuer has duly authorized the execution and delivery of this Indenture and the creation and issuance of the SAC Bonds issuable hereunder, which will be of substantially the tenor set forth herein and in the Series Supplement.

The SAC Bonds shall be non-recourse obligations and shall be secured by and payable solely out of the proceeds of the SAC Property and the other SAC Bond Collateral. If and to the extent that such proceeds of the SAC Property and the other SAC Bond Collateral are insufficient to pay all amounts owing with respect to the SAC Bonds, then, except as otherwise expressly provided hereunder, the Holders shall have no Claim in respect of such insufficiency against the Issuer or the Indenture Trustee, and the Holders, by their acceptance of the SAC Bonds, waive any such Claim.

All things necessary to (a) make the SAC Bonds, when executed by the Issuer and authenticated and delivered by the Indenture Trustee hereunder and duly issued by the Issuer, valid obligations, and (b) make this Indenture a valid agreement of the Issuer, in each case, in accordance with their respective terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Issuer, in consideration of the premises herein contained and of the purchase of the SAC Bonds by the Holders and of other good and lawful consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure, equally and ratably without prejudice, priority or distinction, except as specifically otherwise set forth in this Indenture, the payment of the SAC Bonds, the payment of all other amounts due under or in connection with this Indenture (including, without limitation, all fees, expenses, counsel fees and other amounts due and owing to the Indenture Trustee) and the performance and observance of all of the covenants and conditions contained herein or in the SAC Bonds, has hereby executed and delivered this Indenture and by these presents does hereby and under the Series Supplement will convey, grant, assign, transfer and pledge, in each case, in and unto the Indenture Trustee, its successors and assigns forever, for the benefit of the Secured Parties, all and singular, all of the Issuer's right, title, and interest in, to and under any and all of the property described in the Series Supplement (such property hereinafter referred to as the "SAC Bond Collateral"). The Series Supplement will more particularly describe the obligations of the Issuer secured by the SAC Bond Collateral.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED between the parties hereto that all SAC Bonds are to be issued, countersigned and delivered and that all of the SAC Bond Collateral is to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the Issuer, for itself and any successor, does hereby covenant and agree to and with the Indenture Trustee and its successors in said trust, for the benefit of the Secured Parties, as follows:

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. Definitions. Except as otherwise specified herein or as the context may otherwise require, the capitalized terms used herein shall have the respective meanings set forth in Appendix A attached hereto and made a part hereof for all purposes of this Indenture.

SECTION 1.02. Incorporation by Reference of Trust Indenture Act. Whenever this Indenture refers to a provision of the TIA, that provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the SAC Bonds.

"indenture security holder" means a Holder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Indenture Trustee.

"obligor" on the indenture securities means the Issuer and any other obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

SECTION 1.03. Rules of Construction. Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles in the United States of America as in effect from time to time;

(c) "or" is not exclusive;

(d) "includes" and "including" means "includes without limitation" and "including without limitation," respectively;

(e) words in the singular include the plural and words in the plural include the singular; and

(f) the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

ARTICLE II

THE SAC BONDS

SECTION 2.01. Form. The SAC Bonds and the Indenture Trustee's certificate of authentication shall be in substantially the forms set forth in Exhibit A, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or by the Series Supplement and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing the SAC Bonds, as evidenced by their execution of the SAC Bonds. Any portion of the text of any SAC Bond may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the SAC Bond.

The SAC Bonds shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing the SAC Bonds, as evidenced by their execution of the SAC Bonds.

Each SAC Bond shall be dated the date of its authentication. The terms of the SAC Bonds set forth in Exhibit A are part of the terms of this Indenture.

SECTION 2.02. Denominations of SAC Bonds. The SAC Bonds shall be issuable in the Minimum Denomination specified in the Series Supplement and, except as otherwise provided in the Series Supplement, in integral multiples of $1,000 in excess thereof.

The SAC Bonds may, at the election of and as authorized by a Responsible Officer of the Issuer, be issued in one or more Tranches, and shall be designated generally as the "SAC Bonds" of the Issuer, with such further particular designations added or incorporated in such title for the SAC Bonds of any particular Tranche as a Responsible Officer of the Issuer may determine. Each SAC Bond shall bear upon its face the designation so selected for the Tranche to which it belongs. All SAC Bonds shall be identical in all respects except for the denominations thereof, unless the SAC Bonds are comprised of one or more Tranches, in which case all SAC Bonds of the same Tranche shall be identical in all respects except for the denominations thereof. All SAC Bonds of a particular Tranche shall be in all respects equally and ratably entitled to the benefits hereof without preference, priority, or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Indenture.

The SAC Bonds shall be created by the Series Supplement authorized by a Responsible Officer of the Issuer, which Series Supplement shall specify and establish the terms and provisions thereof. The several Tranches thereof may differ as between Tranches, in respect of any of the following matters:

(a) designation of the Tranches thereof;

(b) the principal amount (and, if more than one Tranche is issued, the respective principal amounts of such Tranches);

(c) the Bond Interest Rate or the formula, if any, used to calculate Bond Interest Rate or Bond Interest Rates;

(d) the Payment Dates;

(e) the Scheduled Payment Dates;

(f) the Scheduled Final Payment Date;

(g) the Final Maturity Date;

(h) the place or places for the payment of interest, principal and premium, if any;

(i) the Minimum Denominations;

(j) the Expected Amortization Schedule;

(k) provisions with respect to the definitions set forth in Appendix A hereto;

(l) whether or not the SAC Bonds are to be Book-Entry SAC Bonds and the extent to which Section 2.11 should apply; and

(m) any other provisions expressing or referring to the terms and conditions upon which the SAC Bonds of any Tranche are to be issued under this Indenture that are not in conflict with the provisions of this Indenture and as to which the Rating Agency Condition is satisfied.

SECTION 2.03. Execution, Authentication and Delivery.

(a) The SAC Bonds shall be executed on behalf of the Issuer by any of its Responsible Officers. The signature of any such Responsible Officer on the SAC Bonds may be manual, electronic or facsimile.

(b) SAC Bonds bearing the manual, electronic or facsimile signature of individuals who were at any time Responsible Officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of the SAC Bonds or did not hold such offices at the date of the SAC Bonds.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver SAC Bonds executed by the Issuer to the Indenture Trustee pursuant to an Issuer Order for authentication; and the Indenture Trustee shall authenticate and deliver the SAC Bonds as provided in this Indenture and not otherwise.

(d) No SAC Bond shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such SAC Bond a certificate of authentication substantially in the form provided for therein executed by the Indenture Trustee by the manual, electronic or facsimile signature of one of its authorized signatories, and such certificate upon any SAC Bond shall be conclusive evidence, and the only evidence, that such SAC Bond has been duly authenticated and delivered hereunder.

(e) The words "execution," "signed," "signature," and words of like import in this Indenture shall include images of manually executed signatures transmitted by facsimile, email or other electronic format (including, without limitation, "pdf," "tif" or "jpg") and other electronic signatures (including without limitation, DocuSign and AdobeSign). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act and any other applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act or the UCC.

SECTION 2.04. Temporary SAC Bonds.

(a) Pending the preparation of Definitive SAC Bonds pursuant to Section 2.13, the Issuer may execute, and upon receipt of an Issuer Order the Indenture Trustee shall authenticate and deliver, Temporary SAC Bonds which are printed, lithographed, typewritten, mimeographed or otherwise produced, of the tenor of the Definitive SAC Bonds in lieu of which they are issued and with such variations not inconsistent with the terms of this Indenture as the officers executing the SAC Bonds may determine, as evidenced by their execution of the SAC Bonds.

(b) If Temporary SAC Bonds are issued, the Issuer will cause Definitive SAC Bonds to be prepared without unreasonable delay. After the preparation of Definitive SAC Bonds, the Temporary SAC Bonds shall be exchangeable for Definitive SAC Bonds upon surrender of the Temporary SAC Bonds at the office or agency of the Issuer to be maintained as provided in Section 3.02, without charge to the Holder. Upon surrender for cancellation of any one or more Temporary SAC Bonds, the SAC Bond Issuer shall execute and the Indenture Trustee shall authenticate and deliver in exchange therefor a like principal amount of Definitive SAC Bonds of Minimum Denominations. Until so delivered in exchange, the Temporary SAC Bonds shall in all respects be entitled to the same benefits under this Indenture as Definitive SAC Bonds.

SECTION 2.05. Registration; Registration of Transfer and Exchange of SAC Bonds.

(a) The Issuer shall cause to be kept a register (the "SAC Bond Register") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of SAC Bonds and the registration of transfers of SAC Bonds. U.S. Bank Trust Company, National Association, shall be "SAC Bond Registrar" for the purpose of registering SAC Bonds and transfers of SAC Bonds as herein provided. Upon any resignation of any SAC Bond Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of SAC Bond Registrar.

(b) If a Person other than the Indenture Trustee is appointed by the Issuer as SAC Bond Registrar, the Issuer will give the Indenture Trustee prompt written notice of the appointment of such SAC Bond Registrar and of the location, and any change in the location, of the SAC Bond Register, the Indenture Trustee shall have the right to inspect the SAC Bond Register at all reasonable times and to obtain copies thereof, and the Indenture Trustee shall have the right to rely conclusively upon a certificate executed on behalf of the SAC Bond Registrar by a Responsible Officer thereof as to the names and addresses of the Holders and the principal amounts and number of the SAC Bonds (separately stated by Tranche).

(c) Upon surrender for registration of transfer of any SAC Bond at the office or agency of the Issuer to be maintained as provided in Section 3.02, provided that the requirements of Section 8-401 of the UCC are met, the Issuer shall execute, and the Indenture Trustee shall authenticate and the Holder shall obtain from the Indenture Trustee, in the name of the designated transferee or transferees, one or more new SAC Bonds in any Minimum Denominations, of the same Tranche and aggregate principal amount.

(d) At the option of the Holder, SAC Bonds may be exchanged for other SAC Bonds in any Minimum Denominations, of the same Tranche and aggregate principal amount, upon surrender of the SAC Bonds to be exchanged at such office or agency as provided in Section 3.02. Whenever any SAC Bonds are so surrendered for exchange, the Issuer shall, provided that the requirements of Section 8-401 of the UCC are met, execute, and, upon any such execution, the Indenture Trustee shall authenticate and the Holder shall obtain from the Indenture Trustee, the SAC Bonds which the Holder making the exchange is entitled to receive.

(e) All SAC Bonds issued upon any registration of transfer or exchange of other SAC Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the SAC Bonds surrendered upon such registration of transfer or exchange.

(f) Every SAC Bond presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by: (i) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by an institution which is a member of one of the following recognized signature guaranty programs: (A) The Securities Transfer Agent Medallion Program (STAMP); (B) The New York Stock Exchange Medallion Program (MSP); (C) The Stock Exchange Medallion Program (SEMP); or (D) such other signature guaranty program acceptable to the Indenture Trustee; and (ii) such other documents as the Indenture Trustee may require.

(g) No service charge shall be made to a Holder for any registration of transfer or exchange of SAC Bonds, but the Issuer or the Indenture Trustee may require payment of a sum sufficient to cover any tax or other governmental charge or any fees or expenses of the Indenture Trustee that may be imposed in connection with any registration of transfer or exchange of SAC Bonds, other than exchanges pursuant to Sections 2.04 or 2.06 not involving any transfer.

(h) The preceding provisions of this Section 2.05 notwithstanding, the Issuer shall not be required to make, and the SAC Bond Registrar need not register, transfers or exchanges of any SAC Bond that has been submitted within fifteen (15) days preceding the due date for any payment with respect to such SAC Bond until after such due date has occurred.

SECTION 2.06. Mutilated, Destroyed, Lost or Stolen SAC Bonds.

(a) If (i) any mutilated SAC Bond is surrendered to the Indenture Trustee, or the Indenture Trustee receives evidence to its satisfaction of the destruction, loss or theft of any SAC Bond and (ii) there is delivered to the Indenture Trustee such security or indemnity as may be required by it to hold the Issuer and the Indenture Trustee harmless, then, in the absence of notice to the Issuer, the SAC Bond Registrar or the Indenture Trustee that such SAC Bond has been acquired by a Protected Purchaser, the Issuer shall, provided that the requirements of Section 8-401 of the UCC are met, execute and, upon the Issuer's written request, the Indenture Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen SAC Bond, a replacement SAC Bond of like Tranche, tenor and principal amount, bearing a number not contemporaneously outstanding; provided, however, that, if any such destroyed, lost or stolen SAC Bond, but not a mutilated SAC Bond, shall have become or within seven (7) days shall be due and payable, instead of issuing a replacement SAC Bond, the Issuer may pay such destroyed, lost or stolen SAC Bond when so due or payable without surrender thereof. If, after the delivery of such replacement SAC Bond or payment of a destroyed, lost or stolen SAC Bond pursuant to the proviso to the preceding sentence, a Protected Purchaser of the original SAC Bond in lieu of which such replacement SAC Bond was issued presents for payment such original SAC Bond, the Issuer and the Indenture Trustee shall be entitled to recover such replacement SAC Bond (or such payment) from the Person to whom it was delivered or any Person taking such replacement SAC Bond from such Person to whom such replacement SAC Bond was delivered or any assignee of such Person, except a Protected Purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Indenture Trustee in connection therewith.

(b) Upon the issuance of any replacement SAC Bond under this Section 2.06, the Issuer and/or the Indenture Trustee may require the payment by the Holder of such SAC Bond of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Indenture Trustee and the SAC Bond Registrar) connected therewith.

(c) Every replacement SAC Bond issued pursuant to this Section 2.06 in replacement of any mutilated, destroyed, lost or stolen SAC Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen SAC Bond shall be found at any time or enforced by any Person, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other SAC Bonds duly issued hereunder.

(d) The provisions of this Section 2.06 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen SAC Bonds.

SECTION 2.07. Persons Deemed Owner. Prior to due presentment for registration of transfer of any SAC Bond, the Issuer, the Indenture Trustee, the SAC Bond Registrar and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name any SAC Bond is registered (as of the day of determination) as the owner of such SAC Bond for the purpose of receiving payments of principal of and premium, if any, and interest on such SAC Bond and for all other purposes whatsoever, whether or not such SAC Bond be overdue, and none of the Issuer, the Indenture Trustee or any agent of the Issuer or the Indenture Trustee shall be affected by notice to the contrary.

SECTION 2.08. Payment of Principal, Premium, if any, and Interest; Interest on Overdue Principal; Principal, Premium, if any, and Interest Rights Preserved.

(a) The SAC Bonds shall accrue interest as provided in the Series Supplement at the applicable Bond Interest Rate, and such interest shall be payable on each applicable Payment Date. Any installment of interest, principal or premium, if any, payable on any SAC Bond which is punctually paid or duly provided for on the applicable Payment Date shall be paid to the Person in whose name such SAC Bond (or one or more Predecessor SAC Bonds) is registered on the Record Date for such Payment Date by wire transfer to an account maintained by such Holder in accordance with payment instructions delivered to the Indenture Trustee by such Holder, except that with respect to Book-Entry SAC Bonds, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global SAC Bond unless and until such Global SAC Bond is exchanged for Definitive SAC Bonds (in which event payments shall be made as provided above), and except for the final installment of principal and premium, if any, payable with respect to such SAC Bond on a Payment Date, which shall be payable as provided below.

(b) The principal of each SAC Bond of each Tranche shall be paid, to the extent funds are available therefor in the Collection Account, in installments on each Payment Date as specified in the Series Supplement; provided that installments of principal not paid when scheduled to be paid in accordance with the Expected Amortization Schedule shall be paid upon receipt of money available for such purpose, in the order set forth in Expected Amortization Schedule. Failure to pay principal in accordance with such Expected Amortization Schedule because moneys are not available pursuant to Section 8.02 to make such payments shall not constitute a Default or Event of Default under this Indenture; provided, however, that failure to pay the entire unpaid principal amount of the SAC Bonds of a Tranche upon the Final Maturity Date for the SAC Bonds shall constitute an Event of Default under this Indenture as set forth in Section 5.01. Notwithstanding the foregoing, the entire unpaid principal amount of the SAC Bonds shall be due and payable, if not previously paid, on the date on which an Event of Default shall have occurred and be continuing, if the Indenture Trustee or the Holders of the SAC Bonds representing not less than a majority of the Outstanding Amount of the SAC Bonds have declared the SAC Bonds to be immediately due and payable in the manner provided in Section 5.02. All payments of principal and premium, if any, on the SAC Bonds shall be made pro rata to the Holders entitled thereto unless otherwise provided in the Series Supplement. Upon written notice from the Issuer, the Indenture Trustee shall notify the Person in whose name a SAC Bond is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and premium, if any, and interest on such SAC Bond will be paid. Such notice shall be sent (or made available electronically) no later than five (5) days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of such SAC Bond and shall specify the place where such SAC Bond may be presented and surrendered for payment of such installment.

(c) If interest on the SAC Bonds is not paid when due, such defaulted interest shall be paid (plus interest on such defaulted interest at the applicable Bond Interest Rate to the extent lawful) to the Persons who are Holders on a subsequent Special Record Date, which date shall be at least fifteen (15) Business Days prior to the Special Payment Date. The Issuer shall fix or cause to be fixed any such Special Record Date and Special Payment Date, and, at least ten (10) days before any such Special Record Date, the Issuer shall send (or make available electronically) to each affected Holder a notice that states the Special Record Date, the Special Payment Date and the amount of defaulted interest (plus interest on such defaulted interest) to be paid.

SECTION 2.09. Cancellation. All SAC Bonds surrendered for payment, registration of transfer or exchange shall, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and shall be promptly canceled by the Indenture Trustee. The Issuer may at any time deliver to the Indenture Trustee for cancellation any SAC Bonds previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all SAC Bonds so delivered shall be promptly canceled by the Indenture Trustee. No SAC Bonds shall be authenticated in lieu of or in exchange for any SAC Bonds canceled as provided in this Section 2.09, except as expressly permitted by this Indenture. All canceled SAC Bonds may be held or disposed of by the Indenture Trustee in accordance with its standard retention or disposal policy as in effect at the time.

SECTION 2.10. Outstanding Amount; Authentication and Delivery of SAC Bonds. The aggregate Outstanding Amount of SAC Bonds that may be authenticated and delivered under this Indenture shall not exceed the aggregate of the amounts of SAC Bonds that are authorized in the Financing Order but otherwise shall be unlimited.

SAC Bonds created and established by the Series Supplement may at any time be executed by the Issuer and delivered to the Indenture Trustee for authentication and thereupon the same shall be authenticated and delivered by the Indenture Trustee upon Issuer Request and upon delivery by the Issuer to the Indenture Trustee, and receipt by the Indenture Trustee, or the causing to occur by the Issuer, of the following; provided, however, that compliance with such conditions and delivery of such documents shall only be required in connection with the original issuance of the SAC Bonds:

(a) Issuer Action. An Issuer Order authorizing and directing the authentication and delivery of the SAC Bonds by the Indenture Trustee and specifying the principal amount of SAC Bonds to be authenticated.

(b) Authorizations. Copies of (x) the Financing Order which shall be in full force and effect and be Final, (y) certified resolutions of the Managers or Member of the Issuer authorizing the execution and delivery of the Series Supplement and the execution, authentication and delivery of the SAC Bonds and (z) a duly executed Series Supplement.

(c) Opinions. An opinion or opinions, portions of which may be delivered by one or more external counsel for the Issuer, for the Servicer, or for the Seller, dated as of the Closing Date, in each case subject to the customary exceptions, qualifications and assumptions contained therein, to the collective effect, that (a) all conditions precedent provided for in this Indenture relating to (i) the authentication and delivery of the Issuer's SAC Bonds and (ii) the execution of the Series Supplement to this Indenture dated as of the date of this Indenture, have been complied with, (b) the execution of the Series Supplement to this Indenture dated as of the date of this Indenture is permitted by this Indenture, together with the other Opinions of Counsel set forth in Sections ([•])-([•]) and ([•])-([•]) of the Underwriting Agreement relating to the Issuer's SAC Bonds,[and (c) such action has been taken with respect to the recording and filing of this Indenture, any indentures supplemental hereto and any other requisite documents, including the execution and filing of such filings (including financing statements and continuation statements) with the appropriate governmental filing office pursuant to the Securitization Law and the Financing Order, as is necessary to perfect and make effective the Lien and the perfected security interest created by this Indenture and the Series Supplement, and, based on a review of a current report of a search of the appropriate governmental filing office, no other financing statement has been filed under the applicable UCC describing any Lien that could rank equal or prior to the Lien of the Indenture, and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to make effective such Lien][1].

(d) Authorizing Certificate. An Officer's Certificate, dated the Closing Date, of the Issuer certifying that (a) the Issuer has duly authorized the execution and delivery of this Indenture and the Series Supplement and the execution and delivery of the SAC Bonds and (b) the Series Supplement is in the form attached thereto and complies with the requirements of Section 2.02.

(e) The SAC Bond Collateral. The Issuer shall have made or caused to be made all filings with the Commission and the Secretary of State pursuant to the Financing Order and the Securitization Law and all other filings necessary to perfect the Grant of the SAC Bond Collateral to the Indenture Trustee and the Lien of this Indenture.

(f) Certificates of the Issuer and the Seller.

(i) An Officer's Certificate from the Issuer, dated as of the Closing Date:

(A) to the effect that (A) the Issuer is not in Default under this Indenture and that the issuance of the SAC Bonds will not result in any Default or in any breach of any of the terms, conditions or provisions of or constitute a default under the Financing Order or any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it or its property is bound or any order of any court or administrative agency entered in any Proceeding to which the Issuer is a party or by which it or its property may be bound or to which it or its property may be subject and (B) all conditions precedent provided in this Indenture relating to the execution, authentication and delivery of the SAC Bonds have been complied with;

[1] **Note to Draft**: Specific scope of opinion subject to updates upon receipt of final opinion.

(B) to the effect that the Issuer has not assigned any interest or participation in the SAC Bond Collateral except for the Grant contained in this Indenture and the Series Supplement; the Issuer has the power and right to Grant the SAC Bond Collateral to the Indenture Trustee as security hereunder and thereunder; and the Issuer, subject to the terms of this Indenture, has Granted to the Indenture Trustee a first priority perfected security interest in all of its right, title and interest in and to such SAC Bond Collateral free and clear of any Lien arising as a result of actions of the Issuer or through the Issuer, except Permitted Liens;

(C) to the effect that the Issuer has appointed a firm of Independent registered public accountants as contemplated in Section 8.06;

(D) to the effect that attached thereto are duly executed, true and complete copies of the Sale Agreement, the Servicing Agreement, the Administration Agreement and the Intercreditor Agreement, which are, to the knowledge of the Issuer, in full force and effect and, to the knowledge of the Issuer, that no party is in default of its obligations under such agreements;

(E) certifying that the SAC Bonds have received the ratings from the Rating Agencies if required by the Underwriting Agreement as a condition to the issuance of the SAC Bonds;

(F) stating that (1) all conditions precedent provided for in this Indenture relating to (a) the authentication and delivery of the SAC Bonds, and (b) the execution of the Series Supplement, have been complied with, (2) the execution of the Series Supplement to this Indenture dated as of the date of this Indenture is authorized or permitted by this Indenture, and (3) the Issuer has delivered the documents required under this Section 2.10 and has otherwise satisfied the requirements set out in this Section 2.10, including, but not limited to, complying with Section 2.10(f)(i) hereof; and

(G) stating that all filings with the Commission and the Secretary of State pursuant to the Securitization Law, the UCC and the Financing Order and all UCC financing statements with respect to the SAC Bond Collateral which are required to be filed by the terms of the Financing Order, the Securitization Law, the Sale Agreement, the Servicing Agreement and this Indenture have been filed as required.

(ii) An Officer's Certificate from the Seller, dated as of the Closing Date, to the effect that, in the case of the SAC Property identified in the Bill of Sale, immediately prior to the conveyance thereof to the Issuer pursuant to the Sale Agreement:

(A) the Seller was the original and the sole owner of such SAC Property, free and clear of any Lien; the Seller had not assigned any interest or participation in such SAC Property and the proceeds thereof other than to the Issuer pursuant to the Sale Agreement; the Seller has the power, authority and right to own, sell and assign such SAC Property and the proceeds thereof to the Issuer; and the Seller, subject to the terms of the Sale Agreement, has validly sold and assigned to the Issuer all of its right, title and interest in and to such SAC Property and the proceeds thereof, free and clear of any Lien (other than Permitted Liens and any Lien created by the Issuer under the Basic Documents in favor of the Indenture Trustee for the benefit of the Secured Parties in accordance with the Securitization Law) and such sale and assignment is absolute and irrevocable and has been perfected;

(B) the attached copy of the Financing Order creating such SAC Property is true and complete and is in full force and effect; and

(C) an amount equal to the Required Capital Level has been deposited or caused to be deposited by the Seller with the Indenture Trustee for crediting to the Capital Subaccount.

(g) Requirements of Series Supplement. Such other funds, accounts, documents, certificates, agreements, instruments or opinions as may be required by the terms of the Series Supplement.

(h) Required Capital Level. Evidence satisfactory to the Indenture Trustee that the Required Capital Level has been credited to the Capital Subaccount.

(i) Other Requirements. Such other documents, certificates, agreements, instruments or opinions as the Indenture Trustee may reasonably require.

SECTION 2.11. Book-Entry SAC Bonds.

(a) Unless the Series Supplement provides otherwise, all of the SAC Bonds shall be issued in Book-Entry Form, and the Issuer shall execute and the Indenture Trustee shall, in accordance with this Section 2.11 and the Issuer Order, authenticate and deliver one or more Global SAC Bonds, evidencing the SAC Bonds which (i) shall be an aggregate original principal amount equal to the aggregate original principal amount of the SAC Bonds to be issued pursuant to the Issuer Order, (ii) shall be registered in the name of the Clearing Agency therefor or its nominee, which shall initially be Cede & Co., as nominee for The Depository Trust Company, the initial Clearing Agency, (iii) shall be delivered by the Indenture Trustee pursuant to such Clearing Agency's or such nominee's instructions, and (iv) shall bear a legend substantially to the effect set forth in Exhibit A.

(b) Each Clearing Agency designated pursuant to this Section 2.11 must, at the time of its designation and at all times while it serves as Clearing Agency hereunder, be a "clearing agency" registered under the Exchange Act and any other applicable statute or regulation.

(c) No Holder of SAC Bonds issued in Book-Entry Form shall receive a Definitive SAC Bond representing such Holder's interest in any of the SAC Bonds, except as provided in Section 2.13. Unless (and until) certificated, fully registered SAC Bonds (the "Definitive SAC Bonds") have been issued to the Holders pursuant to Section 2.13 or pursuant to the Series Supplement relating thereto:

(i) the provisions of this Section 2.11 shall be in full force and effect;

(ii) the Issuer, the Servicer, the Paying Agent, the SAC Bond Registrar and the Indenture Trustee may deal with the Clearing Agency for all purposes (including the making of distributions on the SAC Bonds and the giving of instructions or directions hereunder) as the authorized representative of the Holders;

(iii) to the extent that the provisions of this Section 2.11 conflict with any other provisions of this Indenture, the provisions of this Section 2.11 shall control;

(iv) the rights of the Holders shall be exercised only through the Clearing Agency and the Clearing Agency Participants and shall be limited to those established by applicable law and agreements between such Holders and the Clearing Agency and/or the Clearing Agency Participants. Pursuant to the Letter of Representations, unless and until Definitive SAC Bonds are issued pursuant to Section 2.13, the initial Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit distributions of principal of and interest on the Book-Entry SAC Bonds to such Clearing Agency Participants; and

(v) whenever this Indenture requires or permits actions to be taken based upon instruction or directions of the Holders evidencing a specified percentage of the Outstanding Amount of SAC Bonds, the Clearing Agency shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from the Holders and/or the Clearing Agency Participants owning or representing, respectively, such required percentage of the beneficial interest in the SAC Bonds and has delivered such instructions to a Responsible Officer of the Indenture Trustee.

SECTION 2.12. Notices to Clearing Agency. Unless and until Definitive SAC Bonds shall have been issued to the Holders pursuant to Section 2.13, whenever notice, payment, or other communications to the holders of Book-Entry SAC Bonds is required under this Indenture, the Indenture Trustee, the Servicer and the Paying Agent, as applicable, shall make all such payments to, and give all such notices and communications specified herein to be given to the Holders, to the Clearing Agency.

SECTION 2.13. Definitive SAC Bonds. If (a) (i) the Issuer advises the Indenture Trustee in writing that the Clearing Agency is no longer willing or able to properly discharge its responsibilities under any Letter of Representations and (ii) the Issuer is unable to locate a qualified successor Clearing Agency, (b) the Issuer, at its option, advises the Indenture Trustee in writing that it elects to terminate the book-entry system through the Clearing Agency or (c) after the occurrence of an Event of Default hereunder, the Holders holding SAC Bonds aggregating not less than a majority of the aggregate Outstanding Amount of SAC Bonds maintained as Book-Entry SAC Bonds advise the Indenture Trustee, the Issuer and the Clearing Agency (through the Clearing Agency Participants) in writing that the continuation of a book-entry system through the Clearing Agency is no longer in the best interests of the Holders, the Issuer shall notify the Clearing Agency, the Indenture Trustee and all such Holders in writing of the occurrence of any such event and of the availability of Definitive SAC Bonds to the Holders requesting the same. Upon surrender to the Indenture Trustee of the Global SAC Bonds by the Clearing Agency accompanied by

registration instructions from such Clearing Agency for registration, the Issuer shall execute, and the Indenture Trustee shall authenticate and deliver, Definitive SAC Bonds in accordance with the instructions of the Clearing Agency. None of the Issuer, the SAC Bond Registrar, the Paying Agent or the Indenture Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be fully protected in relying on, such instructions. Upon the issuance of Definitive SAC Bonds, the Indenture Trustee shall recognize the Holders of the Definitive SAC Bonds as the Holders hereunder without need for any consent or acknowledgement from the Holders.

Definitive SAC Bonds will be transferable and exchangeable at the offices of the SAC Bonds Registrar. With respect to any transfer of such listed SAC Bonds, the new Definitive SAC Bonds registered in the names specified by the transferee and the original transferor shall be available at the offices of such transfer agent.

SECTION 2.14. CUSIP Number. The Issuer in issuing any SAC Bonds may use a "CUSIP" number and, if so used, the Indenture Trustee shall use the CUSIP number provided to it by the Issuer in any notices to the Holders thereof as a convenience to such Holders; provided, that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP number printed in the notice or on the SAC Bonds and that reliance may be placed only on the other identification numbers printed on the SAC Bonds. The Issuer shall promptly notify the Indenture Trustee in writing of any change in the CUSIP number with respect to any SAC Bond.

SECTION 2.15. Letter of Representations. The parties hereto shall comply with the terms of each Letter of Representations applicable to such party.

SECTION 2.16. Tax Treatment. The Issuer and the Indenture Trustee, by entering into this Indenture, and the Holders and any Persons holding a beneficial interest in any SAC Bond, by acquiring any SAC Bond or interest therein, (a) express their intention that, solely for the purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for the purposes of state, local and other taxes, the SAC Bonds qualify under applicable tax law as indebtedness of the Member secured by the SAC Bond Collateral and (b) solely for the purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the SAC Bonds are outstanding, agree to treat the SAC Bonds as indebtedness of the Member secured by the SAC Bond Collateral unless otherwise required by appropriate taxing authorities.

SECTION 2.17. State Pledge.

(a) Under the laws of the Commonwealth of Virginia in effect on the Closing Date, pursuant to Va. Code § 56-249.8:K.1, the Commonwealth of Virginia and its agencies, including the Commission, have pledged to and agree with the Holders, the owners of the SAC Property, and other financing parties, that the Commonwealth of Virginia and its agencies, including the Commission, will not (i) alter the provisions of the Securitization Law that (A) authorizes the Commission to create an irrevocable contract right or chose in action by the issuance of the Financing Order, to create SAC Property, or (B) create the SAC Charges imposed by the Financing Order, which are irrevocable, binding, or nonbypassable charges; (ii) take or permit any action that impairs or would impair the value of SAC Property or the security for the SAC Bonds or revises the Securitized Asset Costs for which recovery is authorized; or (iii) in any way impair the rights and remedies of the Holders, assignees, or other financing parties.

(b) Each SAC Bond shall state: "NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST ON, THIS BOND."

(c) The Issuer hereby acknowledges that the purchase of any SAC Bond by a Holder or the purchase of any beneficial interest in a SAC Bond by any Person and the Indenture Trustee's obligations to perform hereunder are made in reliance on such agreement and pledge by the Commonwealth of Virginia.

SECTION 2.18. Security Interests. The Issuer hereby makes the following representations and warranties:

(a) other than the security interests granted to the Indenture Trustee pursuant to this Indenture, the Issuer has not pledged, granted, sold, conveyed or otherwise assigned any interests or security interests in the SAC Bond Collateral and no security agreement, financing statement or equivalent security or Lien instrument listing the Issuer as debtor covering all or any part of the SAC Bond Collateral is on file or of record in any jurisdiction, except such as may have been filed, recorded or made by the Issuer in favor of the Indenture Trustee on behalf of the Secured Parties in connection with this Indenture;

(b) this Indenture constitutes a valid and continuing lien on, and first priority perfected security interest in, the SAC Bond Collateral in favor of the Indenture Trustee on behalf of the Secured Parties, which lien and security interest is prior to all other Liens and is enforceable as such as against creditors of and purchasers from the Issuer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing;

(c) with respect to all SAC Bond Collateral, this Indenture, together with the Series Supplement, creates a valid and continuing first priority perfected security interest (as defined in the UCC and as such term is used in the Securitization Law) in such SAC Bond Collateral, which security interest is prior to all other Liens and is enforceable as such as against creditors of and purchasers from the Issuer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing;

(d) the Issuer has good and marketable title to the SAC Bond Collateral free and clear of any Lien, claim or encumbrance of any Person other than Permitted Liens and any Lien created by the Issuer under the Basic Documents in favor of the Indenture Trustee for the benefit of the Secured Parties in accordance with the Securitization Law;

(e) all of the SAC Bond Collateral constitutes either SAC Property or accounts, deposit accounts, investment property or general intangibles (as each such term is defined in the UCC) except that proceeds of the SAC Bond Collateral may also take the form of instruments or money;

(f) the Issuer has taken, or caused the Servicer to take, all action necessary to perfect the security interest in the SAC Bond Collateral granted to the Indenture Trustee, for the benefit of the Secured Parties;

(g) the Issuer has filed (or has caused the Servicer to file) all appropriate financing statements in the proper filing offices in the appropriate jurisdictions under applicable law in order to perfect the security interest in the SAC Bond Collateral granted to the Indenture Trustee;

(h) the Issuer has not authorized the filing of and is not aware, after due inquiry, of any financing statements against the Issuer that include a description of the SAC Bond Collateral other than those filed in favor of the Indenture Trustee;

(i) the Issuer is not aware of any judgment or tax Lien filings against the Issuer;

(j) (i) the Collection Account (including all subaccounts thereof, other than the Cash Subaccounts) constitutes a "securities account" within the meaning of the UCC and (ii) each Cash Subaccount constitutes a "deposit account" within the meaning of the UCC;

(k) the Issuer has taken all steps necessary to cause the Securities Intermediary of each such Securities Account to identify in its records the Indenture Trustee as the Person having a Security Entitlement against the Securities Intermediary in such Securities Account, no Collection Account is in the name of any Person other than the Indenture Trustee, and the Issuer has not consented to the Securities Intermediary of the Collection Account and the Indenture Trustee acting as "bank" with respect to each Cash Subaccount to comply with entitlement orders or instructions of any Person other than the Indenture Trustee; and

(l) all of the SAC Bond Collateral constituting investment property has been and will have been credited to the Collection Account or a subaccount thereof, and the Securities Intermediary for the Collection Account has agreed to treat all assets credited to the Collection Account (other than cash) as Financial Assets and all cash will be allocated to the applicable Cash Subaccount. Accordingly, the Indenture Trustee has a first priority perfected security interest in the Collection Account, all funds and Financial Assets on deposit therein, and all securities entitlements relating thereto. The representations and warranties set forth in this Section 2.18 shall survive the execution and delivery of this Indenture and the issuance of the SAC Bonds, shall be deemed re-made on each date on which any funds in the Collection Account are distributed to Issuer as provided in Section 8.04 or otherwise released from the Lien granted pursuant to this Indenture and the Series Supplement and may not be waived by any party hereto except pursuant to a supplemental indenture executed in accordance with Article IX and as to which the Rating Agency Condition has been satisfied.

ARTICLE III

COVENANTS

SECTION 3.01. Payment of Principal, Premium, if any, and Interest. The principal of and premium, if any, and interest on the SAC Bonds shall be duly and punctually paid by the Issuer, or the Servicer on behalf of the Issuer, in accordance with the terms of the SAC Bonds and this Indenture; provided that except on a Final Maturity Date or upon the acceleration of the SAC Bonds following the occurrence of an Event of Default, the Issuer shall only be obligated to pay the principal of the SAC Bonds on each Payment Date therefor to the extent moneys are available for such payment pursuant to Section 8.02. Amounts properly withheld under the Code, the Treasury Regulations promulgated thereunder or other tax laws by any Person from a payment to any Holder of interest or principal or premium, if any, shall be considered as having been paid by the Issuer to such Holder for all purposes of this Indenture.

SECTION 3.02. Maintenance of Office or Agency. The Issuer shall initially maintain in St. Paul, Minnesota, an office or agency where SAC Bonds may be surrendered for registration of transfer or exchange. The Issuer shall give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of any such office or agency. The Issuer hereby initially appoints the Indenture Trustee to serve as its agent for the foregoing purposes and the Corporate Trust Office of the Indenture Trustee shall serve as the offices provided above in this Section 3.02. If at any time the Issuer shall fail to maintain any such office or agency or shall fail to furnish the Indenture Trustee with the address thereof, such surrenders may be made at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee as its agent to receive all such surrenders.

SECTION 3.03. Money for Payments To Be Held in Trust.

(a) As provided in Section 8.02(a), all payments of amounts due and payable with respect to any SAC Bonds that are to be made from amounts withdrawn from the Collection Account pursuant to Section 8.02(d) shall be made on behalf of the Issuer by the Indenture Trustee or by another Paying Agent, and no amounts so withdrawn from such Collection Account for payments with respect to any SAC Bonds shall be paid over to the Issuer except as provided in this Section 3.03 and Section 8.02.

(b) Each Paying Agent shall meet the eligibility criteria set forth for any Indenture Trustee under Section 6.11. The Issuer will cause each Paying Agent other than the Indenture Trustee to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent shall agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section 3.03, that such Paying Agent will:

(i) hold all sums held by it for the payment of amounts due with respect to the SAC Bonds in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give the Indenture Trustee (unless the Indenture Trustee is the Paying Agent) and the Rating Agencies written notice of any Default by the Issuer of which it has actual knowledge (and if the Indenture Trustee is the Paying Agent, a Responsible Officer of the Paying Agent has actual knowledge) in the making of any payment required to be made with respect to the SAC Bonds;

(iii) at any time during the continuance of any such Default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) immediately, with notice to the Rating Agencies, resign as a Paying Agent and forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of SAC Bonds if at any time the Paying Agent determines that it has ceased to meet the standards required to be met by a Paying Agent at the time of such determination; and

(v) comply with all requirements of the Code, the Treasury Regulations promulgated thereunder and other tax laws with respect to the withholding from any payments made by it on any SAC Bonds of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(c) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Issuer Order direct any Paying Agent to pay to the Indenture Trustee all sums held in trust by such Paying Agent, such sums to be held by the Indenture Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent shall be released from all further liability with respect to such money.

(d) Subject to applicable laws with respect to escheatment of funds, any money held by the Indenture Trustee or any Paying Agent in trust for the payment of any amount due with respect to any SAC Bond and remaining unclaimed for two (2) years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer upon receipt of an Issuer Request; and, subject to Section 10.16, the Holder of such SAC Bond shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Indenture Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Indenture Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuer, cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than thirty (30) days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Indenture Trustee may also adopt and employ, at the written direction and expense of the Issuer, any other reasonable means of notification of such repayment (including mailing notice of such repayment to the Holders whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Indenture Trustee or of any Paying Agent, at the last address of record for each such Holder).

SECTION 3.04. Existence. The Issuer shall keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other State or of the United States of America, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the other Basic Documents, the SAC Bonds, the SAC Bond Collateral and each other instrument or agreement referenced herein or therein.

SECTION 3.05. Protection of SAC Bond Collateral. The Issuer shall from time to time execute and deliver all such supplements and amendments hereto and all filings with the Commission or the Secretary of State pursuant to the Financing Order or to the Securitization Law and all financing statements, continuation statements, instruments of further assurance and other instruments, and shall take such other action necessary or advisable to:

(a) maintain or preserve the Lien and security interest (and the priority thereof) granted pursuant to this Indenture and the Series Supplement or carry out more effectively the purposes hereof;

(b) perfect, publish notice of or protect the validity of any Grant made or to be made by this Indenture;

(c) enforce any of the SAC Bond Collateral;

(d) preserve and defend title to the SAC Bond Collateral and the rights of the Indenture Trustee and the Holders in the SAC Bond Collateral against the Claims of all Persons and parties, including, without limitation, the challenge by any party to the validity or enforceability of the Financing Order, the SAC Property or any Proceeding relating thereto and institute any action or proceeding necessary to compel performance by the Commission or the Commonwealth of Virginia of any of its obligations or duties under the Securitization Law, the State Pledge, or the Financing Order, as the case may be; and

(e) pay any and all taxes levied or assessed upon all or any part of the SAC Bond Collateral.

The Issuer hereby designates the Indenture Trustee its agent and attorney-in-fact to execute or authorize, as the case may be, any filings with the Commission or the Secretary of State, financing statements, continuation statements or other instrument required pursuant to this Section 3.05, it being understood that the Indenture Trustee shall have no such obligation or any duty to prepare or file such documents. The Indenture Trustee is specifically authorized to file financing statements covering the SAC Bond Collateral, including, without limitation, financing statements that describe the SAC Bond Collateral as “all assets” or “all personal property” of the Issuer.

SECTION 3.06. Opinions as to SAC Bond Collateral.

(a) On the Closing Date, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer either stating that, in the opinion of such counsel, such action has been taken with respect to the recording and filing of this Indenture, any indentures supplemental hereto, and any other requisite documents, and with respect to the execution and filing of any filings with the Commission or the Secretary of State pursuant to the Securitization Law and the Financing Order and any financing statements and continuation statements, as are necessary to perfect and make effective the Lien, and the first priority perfected security interest created by this Indenture and the Series Supplement and, based on a review of a current report of the appropriate governmental filing office, no other financing statement has been filed under the applicable UCC describing any Lien that is equal or prior to the Lien of the Indenture Trustee in the SAC Collateral, and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to make effective such Lien and security interest.

(b) No later than March 31 of each calendar year (beginning with the calendar year beginning January 1, 2027), the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the execution and filing of any filings with the Commission or the Secretary of State pursuant to the Securitization Law and the Financing Order and any financing statements and continuation statements as are necessary to maintain the Lien and the first priority perfected security interest created by this Indenture and reciting the details of such action or stating that, in the opinion of such counsel, no such action is necessary to maintain such Lien and security interest. Such Opinion of Counsel shall also describe the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and the execution and filing of any filings with the Commission or the Secretary of State, financing statements and continuation statements that will, in the opinion of such counsel, be required within the twelve-month period following the date of such opinion to maintain the Lien and the first priority perfected security interest created by this Indenture and the Series Supplement.

(c) Prior to the effectiveness of any amendment to the Sale Agreement, the Intercreditor Agreement or the Servicing Agreement, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer either (i) stating that, in the opinion of such counsel, all filings, including UCC financing statements and other filings with the Commission or the Secretary of State pursuant to the Securitization Law or the Financing Order, have been executed and filed that are necessary fully to preserve and protect the Lien and security interest of the Issuer and the Indenture Trustee in the SAC Property and the SAC Bond Collateral, respectively, and the proceeds thereof, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (ii) stating that, in the opinion of such counsel, no such action shall be necessary to preserve and protect such Lien and security interest.

SECTION 3.07. Performance of Obligations; Servicing; SEC Filings.

(a) The Issuer (i) shall diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the SAC Bond Collateral and (ii) shall not take any action and shall use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Series Supplement, the Sale Agreement, the Servicing Agreement, the Intercreditor Agreement or such other instrument or agreement.

(b) The Issuer may contract with other Persons to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to the Indenture Trustee herein or in an Officer's Certificate shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Servicer to assist the Issuer in performing its duties under this Indenture.

(c) The Issuer shall punctually perform and observe all of its obligations and agreements contained in this Indenture, the Series Supplement, the other Basic Documents and in the instruments and agreements included in the SAC Bond Collateral, including filing or causing to be filed all filings with the Commission or the Secretary of State pursuant to the Securitization Law or the Financing Order, all UCC financing statements and continuation statements required to be filed by it by the terms of this Indenture, the Series Supplement, the Sale Agreement and the Servicing Agreement in accordance with and within the time periods provided for herein and therein.

(d) If the Issuer shall have knowledge of the occurrence of a Servicer Default under the Servicing Agreement, the Issuer shall promptly give written notice thereof to the Indenture Trustee and the Rating Agencies, and shall specify in such notice the response or action, if any, the Issuer has taken or is taking with respect to such default. If a Servicer Default shall arise from the failure of the Servicer to perform any of its duties or obligations under the Servicing Agreement with respect to the SAC Property, the SAC Bond Collateral or the SAC Charges, the Issuer shall take all reasonable steps available to it to remedy such failure.

(e) As promptly as possible after the giving of notice of termination to the Servicer and the Rating Agencies of the Servicer's rights and powers pursuant to Section 7.01 of the Servicing Agreement, the Indenture Trustee may and shall, at the written direction of the Holders evidencing not less than a majority of the Outstanding Amount of the SAC Bonds and subject to the terms of the Intercreditor Agreement, appoint a successor Servicer (the "Successor Servicer" with the Issuer's prior written consent thereto (which shall not be unreasonably withheld)), and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the Issuer and the Indenture Trustee. A Person shall qualify as a Successor Servicer only if such Person satisfies the requirements of the Servicing Agreement and the Intercreditor Agreement relating to a Successor Servicer. If within thirty (30) days after the delivery of the notice referred to above, a new Servicer shall not have been appointed, the Indenture Trustee may petition the Commission or a court of competent jurisdiction to appoint a Successor Servicer. In connection with any such appointment, the outgoing Servicer may make such arrangements for the compensation of such Successor Servicer as it and such successor shall agree, subject to the limitations set forth in Section 8.02 and in the Servicing Agreement.

(f) Upon any termination of the Servicer's rights and powers pursuant to the Servicing Agreement, the Indenture Trustee shall promptly notify the Issuer, the Holders and the Rating Agencies of such termination. As soon as a Successor Servicer is appointed, the Indenture Trustee shall notify the Issuer, the Holders and the Rating Agencies of such appointment, specifying in such notice the name and address of such Successor Servicer.

(g) The Issuer shall (or shall cause the Depositor to) post on its website (which for this purpose may be the website of any direct or indirect parent company of the Issuer) and, to the extent consistent with the Issuer's and the Depositor's obligations under applicable law, file with or furnish to the SEC in periodic reports and other reports as are required from time to time under Section 13 or Section 15(d) of the Exchange Act, and shall direct the Indenture Trustee to post on its website for investors the following information (other than any such information filed with the SEC and publicly available to investors unless the Issuer specifically requests such items to be posted) with respect to the Outstanding SAC Bonds, in each case to the extent such information is reasonably available to the Issuer:

(i) the final Prospectus;

(ii) statements of any remittances of SAC Charges made to the Indenture Trustee (to be included in a Form 10-D or Form 10-K, or successor forms thereto);

(iii) a statement reporting the balances in the Collection Account and in each subaccount of the Collection Account as of each Payment Date (to be included on the next Form 10-D or Form 10-K, or successor forms thereto) and as of the end of each year (to be included on the next Form 10-K filed);

(iv) a statement showing the balance of Outstanding SAC Bonds that reflects the actual periodic payments made on the SAC Bonds during the applicable period (to be included in the next Form 10-D or Form 10-K filed, or successor forms thereto);

(v) the Servicer's Certificate as required to be submitted pursuant to the Servicing Agreement (to be filed with a Form 10-D, Form 10-K or Form 8-K, or successor forms thereto);

(vi) the Monthly Servicer's Certificate as required to be submitted pursuant to the Servicing Agreement;

(vii) the text (or a link to the website where a reader can find the text) of each filing of a True-Up Adjustment and the results of each such filing;

(viii) any change in the long-term or short-term credit ratings of the Servicer assigned by the Rating Agencies;

(ix) material legislative or regulatory developments directly relevant to the Outstanding SAC Bonds (to be filed or furnished in a Form 8-K); and

(x) any reports and other information that the Issuer is required to file with the SEC under the Exchange Act including periodic and current reports related to the SAC Bonds consistent with the disclosure and reporting regime established in Regulation AB.

Notwithstanding the foregoing, nothing herein shall preclude the Issuer from voluntarily suspending or terminating its filing obligations as Issuer with the SEC to the extent permitted by applicable law. Any such reports or information delivered to the Indenture Trustee for purposes of this Section 3.07(g) is for informational purposes only, and the Indenture Trustee's receipt of such reports or information shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Indenture Trustee is entitled to conclusively rely on an Officer's Certificate of the Issuer).

The address of the Indenture Trustee's website for investors is https://pivot.usbank.com. The Indenture Trustee shall promptly notify the Issuer, the Holders and the Rating Agencies of any change to the address of the website for investors.

(h) The Issuer shall make all filings required under the Securitization Law relating to the transfer of the ownership or security interest in the SAC Property other than those required to be made by the Seller or the Servicer pursuant to the Basic Documents.

SECTION 3.08. Certain Negative Covenants. So long as any SAC Bonds are Outstanding, the Issuer shall not:

(a) except as expressly permitted by this Indenture and the other Basic Documents, sell, transfer, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in the SAC Bond Collateral, unless in accordance with Article V;

(b) claim any credit on, or make any deduction from the principal or premium, if any, or interest payable in respect of, the SAC Bonds (other than amounts properly withheld from such payments under the Code, the Treasury regulations promulgated thereunder or other tax laws) or assert any claim against any present or former Holder by reason of the payment of the taxes levied or assessed upon any part of the SAC Bond Collateral;

(c) terminate its existence or dissolve or liquidate in whole or in part, except in a transaction permitted by Section 3.10;

(d) (i) permit the validity or effectiveness of this Indenture or the other Basic Documents to be impaired, or permit the Lien of this Indenture and the Series Supplement to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the SAC Bonds under this Indenture except as may be expressly permitted hereby, (ii) permit any Lien (other than the Lien of this Indenture or the Series Supplement) to be created on or extend to or otherwise arise upon or burden the SAC Bond Collateral or any part thereof or any interest therein or the proceeds thereof (other than tax liens arising by operation of law with respect to amounts not yet due) or (iii) permit the Lien granted pursuant to this Indenture and the Series Supplement not to constitute a valid first priority perfected security interest in the SAC Bond Collateral;

(e) elect to be classified as an association taxable as a corporation for U.S. federal income tax purposes or otherwise take any action, file any tax return, or make any election inconsistent with the treatment of the Issuer, for purposes of U.S. federal income tax purposes and, to the extent consistent with applicable State tax law, State income and franchise tax purposes, as a disregarded entity that is not separate from the sole owner of the Issuer;

(f) change its name, identity or structure or the location of its chief executive office or jurisdiction of formation, unless at least ten (10) Business Days' prior to the effective date of any such change the Issuer delivers to the Indenture Trustee (with copies to the Rating Agencies) such documents, instruments or agreements, executed by the Issuer, as are necessary to reflect such change and to continue the perfection of the security interest granted pursuant to this Indenture and the Series Supplement;

(g) take any action which is subject to a Rating Agency Condition without satisfying the Rating Agency Condition;

(h) except to the extent permitted by applicable law, voluntarily suspend or terminate its filing obligations with the SEC as described in Section 3.07(g); or

(i) issue any "securitized asset cost bonds" under, and as defined in, the Securitization Law (other than the SAC Bonds) or issue or incur any other debt obligations.

SECTION 3.09. Annual Statement as to Compliance. The Issuer will deliver to the Indenture Trustee and the Rating Agencies not later than March 31 of each year (commencing with March 31, 2027), an Officer's Certificate stating, as to the Responsible Officer signing such Officer's Certificate, that:

(a) a review of the activities of the Issuer during the preceding twelve (12) months ended December 31 (or, in the case of the first such Officer's Certificate, since the Closing Date) and of performance under this Indenture has been made; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has in all material respects complied with all conditions and covenants under this Indenture throughout such twelve-month period (or such shorter period in the case of the first such Officer's Certificate), or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to such Responsible Officer and the nature and status thereof.

SECTION 3.10. Issuer May Consolidate, etc., Only on Certain Terms.

(a) The Issuer shall not consolidate or merge with or into any other Person, unless:

(i) the Person (if other than the Issuer) formed by or surviving such consolidation or merger shall (A) be a Person organized and existing under the laws of the United States of America or any State, (B) expressly assume, by an indenture supplemental hereto, executed and delivered to the Indenture Trustee, in form and substance satisfactory to the Indenture Trustee, the performance or observance of every agreement and covenant of this Indenture and the Series Supplement on the part of the Issuer to be performed or observed, all as provided herein and in the Series Supplement, and (C) assume all obligations and succeed to all rights of the Issuer under the Sale Agreement, the Servicing Agreement and each other Basic Document to which the Issuer is a party;

(ii) immediately after giving effect to such merger or consolidation, no Default, Event of Default or Servicer Default shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such merger or consolidation;

(iv) the Issuer shall have delivered to APCo, the Indenture Trustee and the Rating Agencies an opinion or opinions of outside tax counsel (as selected by the Issuer, in form and substance reasonably satisfactory to APCo and the Indenture Trustee, and which may be based on a ruling from the Internal Revenue Service (unless the Internal Revenue Service has announced that it will not rule on the issues described in this paragraph)) to the effect that the consolidation or merger will not result in a material adverse U.S. federal or State income tax consequence to the Issuer, APCo, the Indenture Trustee or the then-existing Holders;

(v) any action as is necessary to maintain the Lien and the perfected security interest in the SAC Bond Collateral created by this Indenture and the Series Supplement shall have been taken as evidenced by an Opinion of Counsel of external counsel of the Issuer delivered to the Indenture Trustee; and

(vi) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel of external counsel of the Issuer each stating that such consolidation or merger and such supplemental indenture comply with this Indenture and the Series Supplement and that all conditions precedent herein provided for in this Section 3.10(a) with respect to such transaction have been complied with (including any filing required by the Exchange Act).

(b) Except as specifically provided herein, the Issuer shall not sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the SAC Bond Collateral, to any Person, unless:

(i) the Person that acquires the properties and assets of the Issuer, the conveyance or transfer of which is hereby restricted (A) shall be a United States citizen or a Person organized and existing under the laws of the United States of America or any State, (B) expressly assumes, by an indenture supplemental hereto, executed and delivered to the Indenture Trustee, in form and substance satisfactory to the Indenture Trustee, the performance or observance of every agreement and covenant of this Indenture on the part of the Issuer to be performed or observed, all as provided herein and in the Series Supplement, (C) expressly agrees by means of such supplemental indenture that all right, title and interest so sold, conveyed, exchanged, transferred or otherwise disposed of shall be subject and subordinate to the rights of the Holders, (D) unless otherwise provided in the supplemental indenture referred to in clause (B) above, expressly agrees to indemnify, defend and hold harmless the Issuer and the Indenture Trustee against and from any loss, liability or expense arising under or related to this Indenture, the Series Supplement and

the SAC Bonds (including the enforcement costs of such indemnity), (E) expressly agrees by means of such supplemental indenture that such Person (or if a group of Persons, then one specified Person) shall make all filings with the SEC (and any other appropriate Person) required by the Exchange Act in connection with the SAC Bonds and (F) if such sale, conveyance, exchange, transfer or disposal relates to the Issuer's rights and obligations under the Sale Agreement or the Servicing Agreement, assumes all obligations and succeeds to all rights of the Issuer under the Sale Agreement and the Servicing Agreement, as applicable;

(ii) immediately after giving effect to such transaction, no Default, Event of Default or Servicer Default shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(iv) the Issuer shall have delivered to APCo, the Indenture Trustee and the Rating Agencies an opinion or opinions of outside tax counsel (as selected by the Issuer, in form and substance reasonably satisfactory to APCo and the Indenture Trustee, and which may be based on a ruling from the Internal Revenue Service (unless the Internal Revenue Service has announced that it will not rule on the issues described in this paragraph)) to the effect that the disposition will not result in a material adverse federal or State income tax consequence to the Issuer, APCo, the Indenture Trustee or the then-existing Holders;

(v) any action as is necessary to maintain the Lien and the perfected security interest in the SAC Bond Collateral created by this Indenture and the Series Supplement shall have been taken as evidenced by an Opinion of Counsel of external counsel of the Issuer delivered to the Indenture Trustee; and

(vi) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel of external counsel of the Issuer each stating that such sale, conveyance, exchange, transfer or other disposition and such supplemental indenture comply with this Indenture and the Series Supplement and that all conditions precedent herein provided for in this Section 3.10(b) with respect to such transaction have been complied with (including any filing required by the Exchange Act).

SECTION 3.11. Successor or Transferee.

(a) Upon any consolidation or merger of the Issuer in accordance with Section 3.10(a), the Person formed by or surviving such consolidation or merger (if other than the Issuer) shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein.

(b) Except as set forth in Section 6.07, upon a sale, conveyance, exchange, transfer or other disposition of all the assets and properties of the Issuer in accordance with Section 3.10(b), the Issuer will be released from every covenant and agreement of this Indenture and the other Basic Documents to be observed or performed on the part of the Issuer with respect to the SAC Bonds and the SAC Property immediately following the consummation of such acquisition upon the delivery of written notice to the Indenture Trustee from the Person acquiring such assets and properties stating that the Issuer is to be so released.

SECTION 3.12. No Other Business. The Issuer shall not engage in any business other than financing, purchasing, owning, administering, managing and servicing the SAC Property and the other SAC Bond Collateral and the issuance of the SAC Bonds in the manner contemplated by the Financing Order and this Indenture and the Basic Documents and activities incidental thereto.

SECTION 3.13. No Borrowing. The Issuer shall not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any indebtedness except for the SAC Bonds and any other indebtedness expressly permitted by or arising under the Basic Documents.

SECTION 3.14. Servicer's Obligations. The Issuer shall enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Servicing Agreement.

SECTION 3.15. Guarantees, Loans, Advances and Other Liabilities. Except as otherwise contemplated by the Sale Agreement, the Servicing Agreement or this Indenture, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

SECTION 3.16. Capital Expenditures. Other than the purchase of SAC Property from the Seller on the Closing Date, the Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

SECTION 3.17. Restricted Payments. Except as provided in Section 8.04(c), the Issuer shall not, directly or indirectly, (a) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of an interest in the Issuer or otherwise with respect to any ownership or equity interest or similar security in or of the Issuer, (b) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or similar security or (c) set aside or otherwise segregate any amounts for any such purpose; provided, however, that, if no Event of Default shall have occurred and be continuing or would be caused thereby, the Issuer may make, or cause to be made, any such distributions to any owner of an interest in the Issuer or otherwise with respect to any ownership or equity interest or similar security in or of the Issuer using funds distributed to the Issuer pursuant to Section 8.02(e)(xi) to the extent that such distributions would not cause the balance of the Capital Subaccount to decline below the Required Capital Level. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account except in accordance with this Indenture and the other Basic Documents.

SECTION 3.18. Notice of Events of Default. The Issuer agrees to give the Indenture Trustee, the Commission and the Rating Agencies prompt written notice of each Default or Event of Default hereunder as provided in Section 5.01, and each default on the part of the Seller or the Servicer of its obligations under the Sale Agreement or the Servicing Agreement, respectively.

SECTION 3.19. Further Instruments and Acts. Upon request of the Indenture Trustee, the Issuer shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture and to maintain the first priority perfected security interest of the Indenture Trustee in the SAC Bond Collateral.

SECTION 3.20. Inspection. The Issuer agrees that, on reasonable prior notice, it will permit any representative of the Indenture Trustee, during the Issuer's normal business hours, to examine all the books of account, records, reports and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited annually by Independent registered public accountants, and to discuss the Issuer's affairs, finances and accounts with the Issuer's officers, employees and Independent registered public accountants, all at such reasonable times and as often as may be reasonably requested. The Indenture Trustee shall hold, and shall cause its representatives to hold, in confidence all such information except to the extent disclosure may be required by applicable law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Indenture Trustee may reasonably determine that such disclosure is consistent with its obligations hereunder. Notwithstanding anything herein to the contrary, the preceding sentence shall not be construed to prohibit (a) disclosure of any and all information that is or becomes publicly known, or information obtained by the Indenture Trustee from sources other than the Issuer, provided such parties are rightfully in possession of such information, (b) disclosure of any and all information (i) if required to do so by any applicable statute, law, rule or regulation, (ii) pursuant to any subpoena, civil investigative demand or similar demand or request of any court or regulatory authority exercising its proper jurisdiction, (iii) in any preliminary or final prospectus, registration statement or other document a copy of which has been filed with the SEC, (iv) to any Affiliate, independent or internal auditor, agent, employee or attorney of the Indenture Trustee having a need to know the same, provided that such parties agree to be bound by the confidentiality provisions contained in this Section 3.20 or (v) to any Rating Agency or (c) any other disclosure authorized by the Issuer.

SECTION 3.21. Economic Sanctions.

(a) The Issuer covenants and represents that neither it nor any of its subsidiaries, managers, officers or affiliates they control are the target or subject of any sanctions enforced by the U.S. Government, (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State), the United Nations Security Council, the European Union, His Majesty's Treasury, or other relevant sanctions authority (collectively "Sanctions").

(b) The Issuer covenants and represents that neither it nor any of its subsidiaries, managers, officers or affiliates they control will directly or indirectly use any payments made pursuant to this Indenture or any of the other Basic Documents, (i) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate any activities of or business with any country or territory that is the target or subject of Sanctions, or (iii) in any other manner that will result in a violation of Sanctions by any person.

SECTION 3.22. Sale Agreement, Servicing Agreement, Administration Agreement and Intercreditor Agreement Covenants.

(a) The Issuer agrees to take all such lawful actions to enforce its rights under the Sale Agreement, the Servicing Agreement, the Administration Agreement and the Intercreditor Agreement and to compel or secure the performance and observance by the Seller, the Servicer, the Administrator and APCo of each of their respective obligations to the Issuer under or in connection with the Sale Agreement, the Servicing Agreement, the Administration Agreement and the Intercreditor Agreement in accordance with the terms thereof. So long as no Event of Default occurs and is continuing, but subject to Section 3.22(f), the Issuer may exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with the Sale Agreement, the Servicing Agreement, the Administration Agreement and the Intercreditor Agreement; provided, that such action shall not adversely affect the interests of the Holders in any material respect.

(b) If an Event of Default occurs and is continuing, the Indenture Trustee may, and at the direction (which direction shall be in writing) of the Holders of a majority of the Outstanding Amount of the SAC Bonds of all Tranches affected thereby shall, exercise all rights, remedies, powers, privileges and claims of the Issuer against the Seller, APCo, the Administrator and the Servicer, as the case may be, under or in connection with the Sale Agreement, the Servicing Agreement, the Administration Agreement and the Intercreditor Agreement, including the right or power to take any action to compel or secure performance or observance by the Seller, APCo, the Administrator or the Servicer of each of their obligations to the Issuer thereunder and to give any consent, request, notice, direction, approval, extension or waiver under the Sale Agreement, the Servicing Agreement, the Administration Agreement and the Intercreditor Agreement, and any right of the Issuer to take such action shall be suspended.

(c) Except as set forth in Section 3.22(e), the Administration Agreement, the Sale Agreement, the Intercreditor Agreement and the Servicing Agreement may be amended in accordance with the provisions thereof (including, if applicable, the Rating Agency Condition is satisfied in connection therewith), at any time and from time to time, without the consent of the Holders of the SAC Bonds; provided that all conditions precedent for such amendment have been satisfied and such amendment is authorized and permitted by the terms of such agreement, as evidenced by an Opinion of Counsel of nationally recognized external counsel of the Issuer, and such amendment shall not materially and adversely affect the interest of any Holder, as evidenced by an Officer's Certificate of the Administrator, Seller, Issuer or Servicer, as applicable.

(d) Except as set forth in Section 3.22(e), if the Issuer, the Seller, APCo, the Administrator, the Servicer or any other party to the respective agreement proposes to amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, waiver, supplement, termination or surrender of, the terms of the Sale Agreement, the Intercreditor Agreement, the Administration Agreement, or the Servicing Agreement, or waive timely

performance or observance by the Seller, APCo, the Administrator or the Servicer under the Sale Agreement, the Intercreditor Agreement, the Administration Agreement or the Servicing Agreement, in each case in such a way as would materially and adversely affect the interests of any Holder of SAC Bonds, the Issuer shall first notify the Rating Agencies of the proposed amendment, modification, waiver, supplement, termination or surrender and shall promptly notify the Indenture Trustee in writing and the Indenture Trustee shall notify the Holders of the SAC Bonds of the proposed amendment, modification, waiver, supplement, termination or surrender and whether the Rating Agency Condition has been satisfied with respect thereto. The Indenture Trustee shall consent to such proposed amendment, modification, waiver, supplement, termination or surrender only if the Rating Agency Condition is satisfied and only with the prior written consent of the Holders of a majority of the Outstanding Amount of SAC Bonds of the Tranches materially and adversely affected thereby (provided that, in order to determine which Holders are materially and adversely affected, the Indenture Trustee may rely upon an Officer's Certificate of the Issuer). If any such amendment, modification, waiver, supplement, termination or surrender shall be so consented to by the Indenture Trustee or such Holders, the Issuer agrees to execute and deliver, in its own name and at its own expense, such agreements, instruments, consents and other documents as shall be necessary or appropriate in the circumstances.

(e) If the Issuer or the Servicer proposes to materially amend, modify, waive, supplement, terminate or surrender, or to agree to any material amendment, modification, supplement, termination, waiver or surrender of, the process for True-Up Adjustments, the Issuer shall notify the Indenture Trustee in writing and the Indenture Trustee shall notify the Holders of the SAC Bonds of such proposal and the Indenture Trustee shall consent thereto only with the prior written consent of the Holders of a majority of the Outstanding Amount of SAC Bonds of the Tranches affected thereby and only if the Rating Agency Condition has been satisfied with respect thereto.

(f) Promptly following a default by the Seller under the Sale Agreement, by the Administrator under the Administration Agreement, by APCo or any successor to APCo under the Intercreditor Agreement or the occurrence of a Servicer Default under the Servicing Agreement, and at the Issuer's expense, the Issuer agrees to take all such lawful actions as the Indenture Trustee may request to compel or secure the performance and observance by each of the Seller, the Administrator or the Servicer, of their obligations under and in accordance with the Sale Agreement, the Servicing Agreement, the Administration Agreement and the Intercreditor Agreement, as the case may be, in accordance with the terms thereof, and to exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with such agreements to the extent and in the manner directed by the Indenture Trustee, including the transmission of notices of any default by the Seller, the Administrator or the Servicer, respectively, thereunder and the institution of legal or administrative actions or Proceedings to compel or secure performance of their obligations under the Sale Agreement, the Servicing Agreement, the Administration Agreement or the Intercreditor Agreement, as applicable.

(g) Before consenting to any amendment, modification, supplement, termination, waiver or surrender under Sections 3.22(d) or (e), the Indenture Trustee shall be entitled to receive an Opinion of Counsel stating that such action is authorized or permitted by this Indenture and all conditions precedent to such amendment have been satisfied.

SECTION 3.23. Taxes. So long as any of the SAC Bonds are Outstanding, the Issuer shall pay all taxes, assessments and governmental charges imposed upon it or any of its properties or assets or with respect to any of its franchises, business, income or property before any penalty accrues thereon if the failure to pay any such taxes, assessments and governmental charges would, after any applicable grace periods, notices or other similar requirements, result in a Lien on the SAC Bond Collateral; provided that no such tax need be paid if the Issuer is contesting the same in good faith by appropriate proceedings promptly instituted and diligently conducted and if the Issuer has established appropriate reserves as shall be required in conformity with generally accepted accounting principles.

SECTION 3.24. Notices from Holders. The Issuer shall promptly transmit any notice received by it from the Holders to the Indenture Trustee.

SECTION 3.25. Volcker Rule. The Issuer is structured so as not to be a "covered fund" under the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the "Volcker Rule."

ARTICLE IV

SATISFACTION AND DISCHARGE; DEFEASANCE

SECTION 4.01. Satisfaction and Discharge of Indenture; Defeasance.

(a) This Indenture shall cease to be of further effect with respect to the SAC Bonds and the Indenture Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the SAC Bonds, when:

(i) either

(A) all SAC Bonds theretofore authenticated and delivered (other than (1) SAC Bonds that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.06 and (2) SAC Bonds for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 3.03(d)) have been delivered to the Indenture Trustee for cancellation; or

(B) either (1) the Scheduled Final Payment Date has occurred with respect to all SAC Bonds not theretofore delivered to the Indenture Trustee for cancellation or (2) the SAC Bonds will be due and payable on their respective Scheduled Final Payment Dates within one year, and in any such case, the Issuer has irrevocably deposited or caused to be irrevocably deposited in trust with the Indenture Trustee (x) cash and/or (y) U.S. Government Obligations which through the scheduled payments of principal and interest in respect thereof in accordance with their terms are in an amount sufficient to pay principal, interest and premium, if any, on the SAC Bonds not theretofore delivered to the Indenture Trustee for cancellation, other Ongoing Financing Costs and all other sums payable hereunder by the Issuer with respect to the SAC Bonds when scheduled to be paid and to discharge the entire indebtedness on the SAC Bonds when due;

(ii) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer; and

(iii) the Issuer has delivered to the Indenture Trustee an Officer's Certificate, an Opinion of Counsel of external counsel of the Issuer and (if required by the TIA or the Indenture Trustee) an Independent Certificate from a firm of registered public accountants, each meeting the applicable requirements of Section 10.01(a) and each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the SAC Bonds have been complied with.

(b) Subject to Sections 4.01(c) and 4.02, the Issuer at any time may terminate (i) all its obligations under this Indenture with respect to the SAC Bonds ("Legal Defeasance Option") or (ii) its obligations under Sections 3.04, 3.05, 3.06, 3.07, 3.08, 3.09, 3.10, 3.12, 3.13, 3.14, 3.15, 3.16, 3.17, 3.18 and 3.19 and the operation of Section 5.01(c) ("Covenant Defeasance Option") with respect to SAC Bonds. The Issuer may exercise the Legal Defeasance Option with respect to the SAC Bonds notwithstanding its prior exercise of the Covenant Defeasance Option.

If the Issuer exercises the Legal Defeasance Option, the maturity of the SAC Bonds may not be accelerated because of an Event of Default. If the Issuer exercises the Covenant Defeasance Option, the maturity of the SAC Bonds may not be accelerated because of an Event of Default specified in Section 5.01(c).

Upon satisfaction of the conditions set forth herein to the exercise of the Legal Defeasance Option or the Covenant Defeasance Option with respect to SAC Bonds, the Indenture Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of the obligations that are terminated pursuant to such exercise.

(c) Notwithstanding Sections 4.01(a) and 4.01(b) above, (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen SAC Bonds, (iii) rights of the Holders to receive payments of principal, premium, if any, and interest, (iv) Sections 4.03 and 4.04, (v) the rights, obligations and immunities of the Indenture Trustee hereunder (including the rights of the Indenture Trustee under Section 6.07 and the obligations of the Indenture Trustee under Section 4.03) and (vi) the rights of the Holders as beneficiaries hereof with respect to the property deposited with the Indenture Trustee payable to all or any of them, shall survive until this Indenture or certain obligations hereunder have been satisfied and discharged pursuant to Section 4.01(a) or 4.01(b). Thereafter the obligations, rights, indemnities and immunities in Sections 6.07 and 4.04 shall survive.

SECTION 4.02. Conditions to Defeasance. The Issuer may exercise the Legal Defeasance Option or the Covenant Defeasance Option with respect to the SAC Bonds only if:

(a) the Issuer has irrevocably deposited or caused to be irrevocably deposited in trust with the Indenture Trustee (i) cash and/or (ii) U.S. Government Obligations which through the scheduled payments of principal and interest in respect thereof in accordance with their terms are in an amount sufficient to pay principal, interest and premium, if any, on the SAC Bonds not therefore delivered to the Indenture Trustee for cancellation and other Ongoing Financing Costs and all other sums payable hereunder by the Issuer with respect to the SAC Bonds when scheduled to be paid and to discharge the entire indebtedness on the SAC Bonds when due;

(b) the Issuer delivers to the Indenture Trustee a certificate from a nationally recognized firm of Independent registered public accountants expressing its opinion that the payments of principal and interest when due and without reinvestment of the deposited U.S. Government Obligations plus any deposited cash without investment will provide cash at such times and in such amounts (but, in the case of the Legal Defeasance Option only, not more than such amounts) as will be sufficient to pay in respect of the SAC Bonds (i) principal in accordance with the Expected Sinking Fund Schedule therefor, (ii) interest when due and (iii) all other sums payable hereunder by the Issuer with respect to the SAC Bonds;

(c) in the case of the Legal Defeasance Option, ninety-five (95) days pass after the deposit is made and during the ninety-five (95)-day period no Default specified in Section 5.01(e) or (f) occurs which is continuing at the end of the period;

(d) no Default has occurred and is continuing on the day of such deposit and after giving effect thereto;

(e) in the case of an exercise of the Legal Defeasance Option, the Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer stating that (i) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of this Indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the SAC Bonds will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such legal defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred;

(f) in the case of an exercise of the Covenant Defeasance Option, the Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer to the effect that the Holders of the SAC Bonds will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

(g) the Issuer delivers to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent to the Legal Defeasance Option or the Covenant Defeasance Option, as applicable, have been complied with as required by this Article IV;

(h) the Issuer delivers to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer to the effect that: (i) in a case under the Bankruptcy Code in which APCo (or any of its Affiliates, other than the Issuer) is the debtor, the court would hold that the deposited moneys or U.S. Government Obligations would not be in the bankruptcy estate of APCo (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations); and (ii) in the event APCo (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations) were to be a debtor in a case under the Bankruptcy Code, the court would not disregard the separate legal existence of APCo (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations) and the Issuer so as to order substantive consolidation under the Bankruptcy Code of the Issuer's assets and liabilities with the assets and liabilities of APCo or such other Affiliate; and

(i) the Rating Agency Condition shall have been satisfied with respect to the exercise of any Legal Defeasance Option or Covenant Defeasance Option.

Notwithstanding any other provision of this Section 4.02, no delivery of moneys or U.S. Government Obligations to the Indenture Trustee shall terminate any obligation of the Issuer to the Indenture Trustee under this Indenture or the Series Supplement or any obligation of the Issuer to apply such moneys or U.S. Government Obligations under Section 4.03 until principal of and premium, if any, and interest on the SAC Bonds shall have been paid in accordance with the provisions of this Indenture and the Series Supplement.

SECTION 4.03. Application of Trust Money. All moneys or U.S. Government Obligations deposited with the Indenture Trustee pursuant to Section 4.01 or 4.02 shall be held in trust and applied by it, in accordance with the provisions of the SAC Bonds and this Indenture, to the payment, either directly or through any Paying Agent, as the Indenture Trustee may determine, to the Holders of the particular SAC Bonds for the payment of which such moneys have been deposited with the Indenture Trustee, of all sums due and to become due thereon for principal, premium, if any, and interest; but such moneys need not be segregated from other funds except to the extent required herein or in the Servicing Agreement or required by law. Notwithstanding anything to the contrary in this Article IV, the Indenture Trustee shall deliver or pay to the Issuer from time to time upon Issuer Request any moneys or U.S. Government Obligations held by it pursuant to Section 4.02 which, in the opinion of a nationally recognized firm of Independent registered public accountants expressed in a written certification thereof delivered to the Indenture Trustee (and not at the cost or expense of the Indenture Trustee), are in excess of the amount thereof which would be required to be deposited for the purpose for which such moneys or U.S. Government Obligations were deposited, provided that any such payment shall be subject to the satisfaction of the Rating Agency Condition.

SECTION 4.04. Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture or the Covenant Defeasance Option or Legal Defeasance Option with respect to the SAC Bonds, all moneys then held by any Paying Agent other than the Indenture Trustee under the provisions of this Indenture or the Intercreditor Agreement with respect to the SAC Bonds shall, upon written demand of the Issuer, be paid to the Indenture Trustee to be held and applied according to Section 3.03 and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

ARTICLE V

REMEDIES

SECTION 5.01. Events of Default. "Event of Default" wherever used herein, means any one or more of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any SAC Bond when the same becomes due and payable (whether such failure to pay interest is caused by a shortfall in SAC Charges received or otherwise), and such default shall continue for a period of five (5) Business Days;

(b) default in the payment of the then unpaid principal of any SAC Bond of any Tranche on the Final Maturity Date for such Tranche;

(c) default in the observance or performance of any covenant or agreement of the Issuer made in this Indenture (other than defaults specified in Section 5.01(a) or (b) above), and such default shall continue or not be cured, for a period of thirty (30) days after the earlier of (i) the date that there shall have been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Holders of at least twenty-five (25) percent of the Outstanding Amount of the SAC Bonds, a written notice specifying such default and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder or (ii) the date that the Issuer has actual knowledge of the default;

(d) any representation or warranty of the Issuer made in this Indenture or the Series Supplement, or in any certificate or other writing delivered pursuant hereto or the Series Supplement or in connection herewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and the circumstance or condition in respect of which such representation or warranty was incorrect shall not have been eliminated or otherwise cured, within thirty (30) days after the earlier of (i) the date that there shall have been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Holders of at least twenty-five (25) percent of the Outstanding Amount of the SAC Bonds, a written notice specifying such incorrect representation or warranty and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder or (ii) the date the Issuer has actual knowledge of the default,

(e) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of the Issuer or any substantial part of the SAC Bond Collateral in an involuntary case or proceeding under any applicable U.S. federal or State bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the SAC Bond Collateral, or ordering the winding-up or liquidation of the Issuer's affairs, and such decree or order shall remain unstayed and in effect for a period of ninety (90) consecutive days;

(f) the commencement by the Issuer of a voluntary case under any applicable U.S. federal or State bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Issuer to the entry of an order for relief in an involuntary case or Proceeding under any such law, or the consent by the Issuer to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the SAC Bond Collateral, or the making by the Issuer of any general assignment for the benefit of creditors, or the failure by the Issuer generally to pay its debts as such debts become due, or the taking of action by the Issuer in furtherance of any of the foregoing; or

(g) any act or failure to act by the Commonwealth of Virginia or any of its agencies (including the Commission), officers or employees which violates or is not in material accordance with the State Pledge.

The Issuer shall deliver to a Responsible Officer of the Indenture Trustee and to the Rating Agencies, within five (5) days after a Responsible Officer of the Issuer has knowledge of the occurrence thereof, written notice in the form of an Officer's Certificate of any event (I) which is an Event of Default under Section 5.01(a), (b), (f) or (g) or (II) which with the giving of notice, the lapse of time, or both, would become an Event of Default under Section 5.01 (c), (d) or (e), including, in each case, the status of such Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

SECTION 5.02. Acceleration of Maturity; Rescission and Annulment. If an Event of Default (other than an Event of Default under Section 5.01(g)) should occur and be continuing, then and in every such case the Indenture Trustee or the Holders representing not less than a majority of the Outstanding Amount of the SAC Bonds may declare the SAC Bonds to be immediately due and payable, by a notice in writing to the Issuer (and to the Indenture Trustee if given by the Holders), and upon any such declaration the unpaid principal amount of the SAC Bonds, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter in this ARTICLE V provided, the Holders representing not less than a majority of the Outstanding Amount of the SAC Bonds, by written notice to the Issuer and the Indenture Trustee, may rescind and annul such declaration and its consequences if:

(a) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay:

(i) all payments of principal of and premium, if any, and interest on all SAC Bonds due and owing at such time as if such Event of Default had not occurred and was not continuing and all other amounts that would then be due hereunder or upon the SAC Bonds if the Event of Default giving rise to such acceleration had not occurred and was not continuing;

(ii) all sums paid or advanced by the Indenture Trustee hereunder and the reasonable compensation, indemnities, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel; provided that the Indenture Trustee shall not be obligated to pay or advance any sums from its own funds if an Event of Default has occurred and is continuing; and

(b) all Events of Default, other than the nonpayment of the principal of the SAC Bonds that has become due solely by such acceleration, have been cured or waived as provided in Section 5.12.

No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 5.03. Collection of Indebtedness and Suits for Enforcement by Indenture Trustee.

(a) If an Event of Default under Section 5.01(a) or (b) has occurred and is continuing, subject to Section 10.19, the Indenture Trustee, in its own name and as trustee of an express trust, may institute a Proceeding for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and, subject to the limitations on recourse set forth herein, may enforce the same against the Issuer or other obligor upon the SAC Bonds and collect in the manner provided by applicable law out of the property of the Issuer or other obligor upon the SAC Bonds, wherever situated the moneys payable, or the SAC Bond Collateral and the proceeds thereof, the whole amount then due and payable on the SAC Bonds for principal, premium, if any, and interest, with interest upon the overdue principal and premium, if any, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the respective rate borne by the SAC Bonds or the applicable Tranche and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel.

(b) If an Event of Default (other than an Event of Default under Section 5.01(g)) occurs and is continuing, the Indenture Trustee (subject to Section 5.11) shall, as more particularly provided in Section 5.04, proceed to protect and enforce its rights and the rights of the Holders, by such appropriate Proceedings as the Indenture Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Indenture Trustee by this Indenture and the Series Supplement or by applicable law, including foreclosing or otherwise enforcing the Lien of the SAC Bond Collateral securing the SAC Bonds or applying to a court of competent jurisdiction for sequestration of revenues arising with respect to the SAC Property.

(c) If an Event of Default under Section 5.01(e) or (f) has occurred and is continuing, the Indenture Trustee, irrespective of whether the principal of any SAC Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Indenture Trustee shall have made any demand pursuant to the provisions of this Section 5.03, shall be entitled and empowered, by intervention in any Proceedings related to such Event of Default or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the SAC Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee (including any claim for reasonable compensation to the Indenture Trustee and each predecessor Indenture Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee, except as a result of negligence or bad faith) and of the Holders allowed in such Proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Holders in any election of a trustee in bankruptcy, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Holders and of the Indenture Trustee on their behalf;

(iv) to file such proofs of claim and other papers and documents as may be necessary or advisable in order to have the claims of the Indenture Trustee or the Holders allowed in any Proceeding relative to the Issuer, its creditors and its property; and

(v) any trustee, receiver, liquidator, custodian or other similar official in any such Proceeding is hereby authorized by each of such Holders to make payments to the Indenture Trustee, and, in the event that the Indenture Trustee shall consent to the making of payments directly to such Holders, to pay to the Indenture Trustee such amounts as shall be sufficient to cover reasonable compensation to the Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence or bad faith.

(d) Nothing herein contained shall be deemed to authorize the Indenture Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the SAC Bonds or the rights of any Holder thereof or to authorize the Indenture Trustee to vote in respect of the claim of any Holder in any such Proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(e) All rights of action and of asserting claims under this Indenture, or under any of the SAC Bonds, may be enforced by the Indenture Trustee without the possession of any of the SAC Bonds or the production thereof in any trial or other Proceedings relative thereto, and any such action or Proceedings instituted by the Indenture Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Indenture Trustee, each predecessor Indenture Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders of the SAC Bonds.

(f) In any Proceedings brought by the Indenture Trustee (and also any Proceedings involving the interpretation of any provision of this Indenture to which the Indenture Trustee shall be a party), the Indenture Trustee shall be held to represent all the Holders of the SAC Bonds, and it shall not be necessary to make any Holder a party to any such Proceedings.

SECTION 5.04. Remedies; Priorities.

(a) If an Event of Default (other than an Event of Default under Section 5.01(g)) shall have occurred and be continuing, the Indenture Trustee may do one or more of the following (subject to Section 5.05):

(i) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the SAC Bonds or under this Indenture with respect thereto, whether by declaration of acceleration or otherwise, and, subject to the limitations on recovery set forth herein, enforce any judgment obtained, and collect from the Issuer or any other obligor moneys adjudged due upon the SAC Bonds;

(ii) institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the SAC Bond Collateral;

(iii) exercise any remedies of a secured party under the UCC, the Securitization Law or any other applicable law and take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee and the Holders of the SAC Bonds;

(iv) at the written direction of the Holders of a majority of the Outstanding Amount of the SAC Bonds, sell the SAC Bond Collateral or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by applicable law, or elect that the Issuer maintain possession of all or a portion of the SAC Bond Collateral pursuant to Section 5.05 and continue to apply the SAC Bond Charge Collection as if there had been no declaration of acceleration; and

(v) exercise all rights, remedies, powers, privileges and claims of the Issuer against the Seller, the Administrator or the Servicer under or in connection with, and pursuant to the terms of, the Sale Agreement, the Administration Agreement, the Intercreditor Agreement or the Servicing Agreement;

provided, however, that the Indenture Trustee may not sell or otherwise liquidate any portion of the SAC Bond Collateral following such an Event of Default, other than an Event of Default described in Section 5.01(a) or (b), unless (A) the Holders of one-hundred (100) percent of the Outstanding Amount of the SAC Bonds consent thereto, (B) the proceeds of such sale or liquidation distributable to the Holders are sufficient to discharge in full all amounts then due and unpaid upon the SAC Bonds for principal, premium, if any, and interest after taking into account payment of all amounts due prior thereto pursuant to the priorities set forth in Section 8.02(e) or (C) the Indenture Trustee determines that the SAC Bond Collateral will not continue to provide sufficient funds for all payments on the SAC Bonds as they would have become due if the SAC Bonds had not been declared due and payable, and the Indenture Trustee obtains the written consent of the Holders of at least two thirds (2/3) of the Outstanding Amount of the SAC Bonds. In determining such sufficiency or insufficiency with respect to clauses (B) and (C), the Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the SAC Bond Collateral for such purpose.

(b) If an Event of Default under Section 5.01(g) shall have occurred and be continuing, the Indenture Trustee, for the benefit of the Secured Parties, shall be entitled and empowered, to the extent permitted by applicable law, to institute or participate in Proceedings necessary to compel performance of or to enforce the State Pledge and to collect any monetary damages incurred by the Holders or the Indenture Trustee as a result of any such Event of Default, and may prosecute any such Proceeding to final judgment or decree. Such remedy shall be the only remedy that the Indenture Trustee may exercise if the only Event of Default that has occurred and is continuing is an Event of Default under Section 5.01(g).

(c) If the Indenture Trustee collects any money pursuant to this ARTICLE V, it shall pay out such money in accordance with the priorities set forth in Section 8.02(e).

SECTION 5.05. Optional Preservation of the SAC Bond Collateral. If the SAC Bonds have been declared to be due and payable under Section 5.02 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Indenture Trustee may, but need not, elect to maintain possession of all or a portion of the SAC Bond Collateral. It is the desire of the parties hereto and the Holders that there be at all times sufficient funds for the payment of principal of and premium, if any, and interest on the SAC Bonds, and the Indenture Trustee shall take such desire into account when determining whether or not to maintain possession of the SAC Bond Collateral. In determining whether to maintain possession of the SAC Bond Collateral or sell or liquidate the same, the Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the SAC Bond Collateral for such purpose.

SECTION 5.06. Limitation of Suits. No Holder of any SAC Bond shall have any right to institute any Proceeding, judicial or otherwise, to avail itself of any remedies provided in the Securitization Law or to avail itself of the right to foreclose on the SAC Bond Collateral or otherwise enforce the Lien and the security interest on the SAC Bond Collateral with respect to this Indenture and the Series Supplement, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder previously has given written notice to the Indenture Trustee of a continuing Event of Default;

(b) the Holders of not less than a majority of the Outstanding Amount of the SAC Bonds have made written request to the Indenture Trustee to institute such Proceeding in respect of such Event of Default in its own name as Indenture Trustee hereunder;

(c) such Holder or the Holders have offered to the Indenture Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;

(d) the Indenture Trustee for sixty (60) days after its receipt of such notice of a continuing Event of Default, request and offer of indemnity has failed to institute such Proceedings; and

(e) no direction inconsistent with such written request has been given to the Indenture Trustee during such sixty-day period by the Holders of a majority of the Outstanding Amount of the SAC Bonds;

it being understood and intended that no one or more of the Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided.

In the event the Indenture Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of the Holders, each representing less than a majority of the Outstanding Amount of the SAC Bonds, the Indenture Trustee in its sole discretion may file a petition with a court of competent jurisdiction to resolve such conflict or determine what action, if any, shall be taken, notwithstanding any other provisions of this Indenture.

SECTION 5.07. Unconditional Rights of the Holders To Receive Principal, Premium, if any, and Interest. Notwithstanding any other provisions in this Indenture, the Holder of any SAC Bond shall have the right, which is absolute and unconditional, (a) to receive payment of (i) the interest, if any, on such SAC Bond on the due dates thereof expressed in such SAC Bond or in this Indenture or (ii) the unpaid principal, if any, of the SAC Bonds on the Final Maturity Date therefor and (b) to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

SECTION 5.08. Restoration of Rights and Remedies. If the Indenture Trustee or any Holder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Indenture Trustee or to such Holder, then and in every such case the Issuer, the Indenture Trustee and the Holders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Holders shall continue as though no such Proceeding had been instituted.

SECTION 5.09. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.10. Delay or Omission Not a Waiver. No delay or omission of the Indenture Trustee or any Holder to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this ARTICLE V or by applicable law to the Indenture Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Holders, as the case may be.

SECTION 5.11. Control by the Holders. The Holders of not less than a majority of the Outstanding Amount of the SAC Bonds of an affected Tranche shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee with respect to the SAC Bonds of such Tranche or Tranches or exercising any trust or power conferred on the Indenture Trustee with respect to such Tranche or Tranches; provided that:

(i) such direction shall not be in conflict with any rule of applicable law or with this Indenture or the applicable Series Supplement and shall not involve the Indenture Trustee in any personal liability or expense;

(ii) subject to other conditions specified in Section 5.04, any direction to the Indenture Trustee to sell or liquidate any SAC Bond Collateral shall be by the Holders representing not less than one-hundred (100) percent of the Outstanding Amount of the SAC Bonds;

(iii) if the conditions set forth in Section 5.05 have been satisfied and the Indenture Trustee elects to retain the SAC Bond Collateral pursuant to Section 5.05, then any direction to the Indenture Trustee by the Holders representing less than one-hundred (100) percent of the Outstanding Amount of the SAC Bonds to sell or liquidate the SAC Bond Collateral shall be of no force and effect; and

(iv) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee that is not inconsistent with such direction;

provided, however, that, the Indenture Trustee's duties shall be subject to Section 6.01, and the Indenture Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Holders not consenting to such action. Furthermore and without limiting the foregoing, the Indenture Trustee shall not be required to take any action for which it reasonably believes that it will not be indemnified to its satisfaction against any cost, expense or liabilities.

SECTION 5.12. Waiver of Past Defaults. Prior to the declaration of the acceleration of the maturity of the SAC Bonds as provided in Section 5.02, the Holders representing not less than a majority of the Outstanding Amount of the SAC Bonds of an affected Tranche, by notice to the Indenture Trustee, may waive any past Default or Event of Default and its consequences except a Default (a) in payment of principal of or premium, if any, or interest on any of the SAC Bonds or (b) in respect of a covenant or provision hereof that cannot be modified or amended without the consent of the Holder of each SAC Bond of all Tranches affected. In the case of any such waiver, the Issuer, the Indenture Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Upon any such waiver, such Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

SECTION 5.13. Undertaking for Costs. All parties to this Indenture agree, and each Holder of any SAC Bond by such Holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Indenture Trustee for any action taken, suffered or omitted by it as Indenture Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.13 shall not apply to (a) any suit instituted by the Indenture Trustee, (b) any suit instituted by any Holder, or group of the Holders, in each case holding in the aggregate more than ten (10) percent of the Outstanding Amount of the SAC Bonds or (c) any suit instituted by any Holder for the enforcement of the payment of (i) interest on any SAC Bond on or after the due dates expressed in such SAC Bond and in this Indenture or (ii) the unpaid principal, if any, of any SAC Bond on or after the Final Maturity Date therefor.

SECTION 5.14. Waiver of Stay or Extension Laws. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 5.15. Action on SAC Bonds. The Indenture Trustee's right to seek and recover judgment on the SAC Bonds or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture. Neither the Lien of this Indenture nor any rights or remedies of the Indenture Trustee or the Holders shall be impaired by the recovery of any judgment by the Indenture Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the SAC Bond Collateral or any other assets of the Issuer.

ARTICLE VI

THE INDENTURE TRUSTEE

SECTION 6.01. Duties of Indenture Trustee.

(a) If an Event of Default has occurred and is continuing, the Indenture Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Indenture Trustee; and

(ii) in the absence of bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming on their face to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Indenture Trustee may not be relieved from liability for its own negligent action, its own bad faith, its own negligent failure to act or its own willful misconduct, except that:

(i) this Section 6.01(c) does not limit the effect of Section 6.01(b);

(ii) the Indenture Trustee shall not be liable for any error of judgment made in good faith by the Indenture Trustee unless it is proved that the Indenture Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Indenture Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it hereunder.

(d) Every provision of this Indenture that in any way relates to the Indenture Trustee is subject to Section 6.01(a), (b) and (c).

(e) The Indenture Trustee shall not be liable for interest on any money received by it except as the Indenture Trustee may agree in writing with the Issuer.

(f) Money held in trust by the Indenture Trustee need not be segregated from other funds held by the Indenture Trustee except to the extent required by applicable law or the terms of this Indenture, the Sale Agreement, the Servicing Agreement, the Administration Agreement or the Intercreditor Agreement.

(g) No provision of this Indenture shall require the Indenture Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayments of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(h) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee shall be subject to the provisions of this Section 6.01 and to the provisions of the TIA.

(i) In the event that the Indenture Trustee is also acting as Paying Agent or SAC Bond Registrar hereunder, the protections of this Article VI shall also be afforded to the Indenture Trustee in its capacity as Paying Agent or SAC Bond Registrar.

(j) Except for the express duties of the Indenture Trustee with respect to the administrative functions set forth in the Basic Documents, the Indenture Trustee shall have no obligation to administer, service or collect SAC Property or to maintain, monitor or otherwise supervise the administration, servicing or collection of the SAC Property.

(k) Under no circumstance shall the Indenture Trustee be liable for any indebtedness of the Issuer, the Servicer or the Seller evidenced by or arising under the SAC Bonds or the Basic Documents. None of the provisions of this Indenture shall in any event require the Indenture Trustee to perform or be responsible for the performance of any of the Servicer's obligations under the Basic Documents.

(l) Commencing with March 15, 2027, on or before March 15th of each fiscal year ending December 31, so long as the Issuer is required to file Exchange Act reports, the Indenture Trustee shall (i) deliver to the Issuer a report (in form and substance reasonably satisfactory to the Issuer and addressed to the Issuer and signed by an authorized officer of the Indenture Trustee) regarding the Indenture Trustee's assessment of compliance, during the immediately preceding fiscal year ending December 31, with each of the applicable servicing criteria specified on Exhibit C hereto as required under Rules 13a-18 and 15d-18 of the Exchange Act and Item 1122 of Regulation AB and (ii) deliver to the Issuer a report of an Independent registered public accounting firm reasonably acceptable to the Issuer that attests to and reports on, in accordance with Rules 1-02(a)(3) and 2-02(g) of Regulation S-X under the Securities Act and the Exchange Act, the assessment of compliance made by the Indenture Trustee and delivered pursuant to clause (i) of this Section 6.01(l).

(m) The Indenture Trustee shall not be required to take any action it is directed to take under this Indenture if the Indenture Trustee determines in good faith that the action so directed is inconsistent with this Indenture, any other Basic Document or applicable Law, or would involve the Indenture Trustee in personal liability.

(n) The Indenture Trustee shall not be responsible for special, indirect, punitive or consequential damages, except as a result of its own willful misconduct, negligence or bad faith.

(o) In no event shall the Indenture Trustee be liable for failure to perform its duties hereunder if such failure is a direct result of another party's failure to perform its obligations hereunder.

(p) Any discretion, permissive right or privilege of the Indenture Trustee hereunder shall not be deemed to be or otherwise construed as a duty or obligation.

(q) The Indenture Trustee's receipt of publicly available reports hereunder shall constitute notice of any information contained therein or determinable therefrom, including but not limited to a party's compliance with covenants under the Indenture.

SECTION 6.02. Rights of Indenture Trustee.

(a) The Indenture Trustee may conclusively rely and shall be fully protected in relying on any document (including electronic documents and communications delivered in accordance with the terms of this Indenture) believed by it to be genuine and to have been signed or presented by the proper Person. The Indenture Trustee need not investigate any fact or matter stated in such document.

(b) Before the Indenture Trustee acts or refrains from acting, it may require and shall be entitled to receive an Officer's Certificate or an Opinion of Counsel of external counsel of the Issuer (at no cost or expense to the Indenture Trustee) that such action is required or permitted hereunder. The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel.

(c) The Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee, and the Indenture Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any such agent, attorney, custodian or nominee appointed with due care by it hereunder. The Indenture Trustee shall give prompt written notice to the Rating Agencies of the appointment of any such agent, custodian or nominee to whom it delegates any of its express duties under this Indenture; provided, that the Indenture Trustee shall not be obligated to give such notice (i) if the Issuer or the Holders have directed the Indenture Trustee to appoint such agent, custodian or nominee (in which event the Issuer shall give prompt notice to the Rating Agencies of any such direction) or (ii) of the appointment of any agents, custodians or nominees made at any time that an Event of Default on account of non-payment of principal or interest on the SAC Bonds or insolvency of the Issuer has occurred and is continuing.

(d) The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that the Indenture Trustee's conduct does not constitute willful misconduct, negligence or bad faith.

(e) The Indenture Trustee may consult with counsel, and the advice or Opinion of Counsel with respect to legal matters relating to this Indenture and the SAC Bonds shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) Except as otherwise expressly provided herein, the Indenture Trustee shall be under no obligation to (i) take any action or exercise any of the rights or powers vested in it by this Indenture or any other Basic Document at the request or direction of any of the Holders pursuant to this Indenture or (ii) institute, conduct or defend any litigation hereunder or thereunder or in relation hereto or thereto or to investigate any matter, at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture and the Series Supplement or otherwise, unless it is requested to do so by Holders of not less than 25% of the Outstanding Amount of the Bonds and it shall have received security or indemnity reasonably satisfactory against the costs, expenses and liabilities which may be incurred therein by the Indenture Trustee.

(g) In no event shall the Indenture Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer systems and services; it being understood that the Indenture Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(h) The Indenture Trustee shall not be deemed to have notice or knowledge of any Servicer Default, Default or Event of Default unless a Responsible Officer of the Indenture Trustee has actual knowledge thereof or the Indenture Trustee has received written notice thereof pursuant to Section 10.04(a)(i).

(i) Any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request or an Issuer Order.

(j) Whenever in the administration of this Indenture the Indenture Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officer's Certificate.

(k) The Indenture Trustee shall not be responsible for (i) the validity of the title of the Issuer to the SAC Bond Collateral, (ii) insuring the SAC Bond Collateral or (iii) the payment of taxes, charges, assessments or Liens upon the SAC Bond Collateral or otherwise as to the maintenance of the SAC Bond Collateral.

(l) The Indenture Trustee shall have no duty to ascertain or inquire as to the performance or observance of any of the terms of this Indenture or any of the other Basic Documents.

(m) The Indenture Trustee shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the SAC Bond Collateral.

SECTION 6.03. Individual Rights of Indenture Trustee. The Indenture Trustee in its individual or any other capacity may become the owner or pledgee of SAC Bonds and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not Indenture Trustee. Any Paying Agent, SAC Bond Registrar, co-registrar or co-paying agent or agent appointed under Section 3.02 may do the same with like rights. However, the Indenture Trustee must comply with Sections 6.11 and 6.12.

SECTION 6.04. Indenture Trustee's Disclaimer. The Indenture Trustee shall not be responsible for and makes no representation (other than as set forth in Section 6.13) as to the validity or adequacy of this Indenture or the SAC Bonds, it shall not be accountable for the Issuer's use of the proceeds from the SAC Bonds, and it shall not be responsible for any statement of the Issuer in this Indenture or in any document issued in connection with the sale of the SAC Bonds or in the SAC Bonds other than the Indenture Trustee's certificate of authentication. The Indenture Trustee shall not be responsible for the form, character, genuineness, sufficiency, value or validity of any of the SAC Bond Collateral, or for or in respect of the SAC Bonds (other than the certificate of authentication for the SAC Bonds) or the Basic Documents and the Indenture Trustee shall in no event assume or incur any liability, duty or obligation to any Holder, other than as expressly provided in this Indenture. The Indenture Trustee shall not be liable for the default or misconduct of the Issuer, the Seller, or the Servicer under the Basic Documents or otherwise, and the Indenture Trustee shall have no obligation or liability to perform the obligations of such Persons.

SECTION 6.05. Notice of Defaults. If a Default occurs and is continuing and if it is actually known to a Responsible Officer of the Indenture Trustee, the Indenture Trustee shall deliver to the Commission, each Rating Agency and each Holder notice of the Default within ten (10) Business Days after such notice of such Default was received by a Responsible Officer of the Indenture Trustee (provided that the Indenture Trustee shall give the Rating Agencies prompt notice of any payment default in respect of the SAC Bonds). Except in the case of a Default in payment of principal of and premium, if any, or interest on any SAC Bond, the Indenture Trustee may withhold the notice if a Responsible Officer in good faith determines that prompt notice of the Default is not likely to be material to the Holders and the Default is likely to be cured and therefore that withholding the notice is in the interests of the Holders. Except for an Event of Default under Section 5.01(a) or (b) in no event shall the Indenture Trustee be deemed to have knowledge of a Default unless a Responsible Officer of the Indenture Trustee shall have actual knowledge of a Default or shall have received written notice thereof.

SECTION 6.06. Reports by Indenture Trustee to the Holders.

(a) So long as SAC Bonds are Outstanding and the Indenture Trustee is the SAC Bond Registrar and Paying Agent, upon the written request of any Holder or the Issuer, within the prescribed period of time for tax reporting purposes after the end of each calendar year, the Indenture Trustee shall deliver to each relevant current or former Holder such information in its possession as may be required to enable such Holder to prepare its U.S. federal income and any applicable local or State tax returns. If the SAC Bond Registrar and Paying Agent is other than the Indenture Trustee, such SAC Bond Registrar and Paying Agent, within the prescribed period of time for tax reporting purposes after the end of each calendar year, shall deliver to each relevant current or former Holder such information in its possession as may be required to enable such Holder to prepare its U.S. federal income and any applicable local or State tax returns.

(b) On or prior to each Payment Date or Special Payment Date therefor, the Indenture Trustee will deliver or make available electronically to each Holder of the SAC Bonds on such Payment Date or Special Payment Date a statement as provided and prepared by the Servicer, which will include (to the extent applicable) the following information (and any other information so specified in the Series Supplement) as to the SAC Bonds with respect to such Payment Date or Special Payment Date or the period since the previous Payment Date, as applicable:

(i) the amount of the payment to the Holders allocable to principal, if any;

(ii) the amount of the payment to the Holders allocable to interest;

(iii) the aggregate Outstanding Amount of the SAC Bonds, before and after giving effect to any payments allocated to principal reported under Section 6.06(b)(i) above;

(iv) the difference, if any, between the amount specified in Section(b)(iii) above and the Outstanding Amount specified in the related Expected Amortization Schedule;

(v) any other transfers and payments to be made on such Payment Date or Special Payment Date, including amounts paid to the Indenture Trustee and to the Servicer; and

(vi) the amounts on deposit in the Capital Subaccount and the Excess Funds Subaccount, after giving effect to the foregoing payments.

(c) The Issuer shall send a copy of each of the Certificate of Compliance delivered to it pursuant to Section 3.03 of the Servicing Agreement and the Annual Accountant's Report delivered to it pursuant to Section 3.04 of the Servicing Agreement to the Rating Agencies, the Indenture Trustee and to the Servicer for posting on the 17g-5 Website in accordance with Rule 17g-5 under the Exchange Act. A copy of such certificate and report may be obtained by any Holder by a request in writing to the Indenture Trustee.

SECTION 6.07. Compensation and Indemnity. The Issuer shall pay to the Indenture Trustee from time-to-time reasonable compensation for its services. The Indenture Trustee's compensation shall not, to the extent permitted by applicable law, be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Indenture Trustee for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Indenture Trustee's agents, counsel, accountants and experts. The Issuer shall indemnify and hold harmless the Indenture Trustee and its officers, directors, employees and agents (each an "Indemnified Person") against any and all cost, damage, loss, liability, tax or expense (including reasonable attorneys' fees and expenses, the fees of experts and agents and any reasonable extraordinary out-of-pocket expenses) incurred by the Indenture Trustee in connection with the administration and the enforcement of this Indenture, the Series Supplement and the Basic Documents, including the costs and expenses of defending themselves against any claim of liability in connection with the exercise of the Indenture Trustee's rights, powers and obligations under this Indenture, the Series Supplement and the other Basic Documents and the performance of its duties hereunder and obligations under or pursuant to this Indenture, the Series Supplement and the Basic Documents and the costs of defending any claim or bringing any claim to enforce the Issuer's indemnification obligations hereunder. The Issuer shall not be required to indemnify the Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any action, Proceeding or investigation without the prior written consent of the Issuer, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Person of notice of the commencement of any action, Proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Issuer under this Section 6.07, notify the Issuer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Issuer shall not relieve the Issuer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 6.07. With respect to any action, Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.07 the Issuer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defense of any such action, Proceeding or

investigation (in which case the Issuer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by such Indemnified Person except as set forth below); provided that such Indemnified Person shall have the right to participate in such action, Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Issuer's election to assume the defense of any action, Proceeding or investigation, such Indemnified Person shall have the right to employ separate counsel (including local counsel), and the Issuer shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the defendants in any such action include both the Indemnified Person and the Issuer and the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the Issuer, (ii) the Issuer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action or (iii) the Issuer shall authorize the Indemnified Person to employ separate counsel at the expense of the Issuer. Notwithstanding the foregoing, the Issuer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Person other than one local counsel, if appropriate. Notwithstanding the foregoing or any other provisions of this Indenture, the Issuer need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Indenture Trustee through the Indemnified Person's own willful misconduct, negligence or bad faith. The rights of the Indenture Trustee set forth in this Section 6.07 are subject to and limited by the priority of payments set forth in Section 8.02(e).

The payment obligations to the Indenture Trustee pursuant to this Section 6.07 shall survive the discharge of this Indenture and the Series Supplement or the earlier resignation or removal of the Indenture Trustee. When the Indenture Trustee incurs expenses after the occurrence of a Default specified in Section 5.01(e) or (f) with respect to the Issuer, the expenses are intended to constitute expenses of administration under the Bankruptcy Code or any other applicable U.S. federal or State bankruptcy, insolvency or similar law.

SECTION 6.08. Replacement of Indenture Trustee and Securities Intermediary.

(a) The Indenture Trustee may resign at any time upon thirty (30) days' prior written notice to the Issuer subject to Section 6.08(c) below. The Holders of a majority of the Outstanding Amount of the SAC Bonds may remove the Indenture Trustee with thirty (30) days' prior written notice by so notifying the Indenture Trustee and may appoint a successor Indenture Trustee. The Issuer shall remove the Indenture Trustee if:

(i) the Indenture Trustee fails to comply with Section 6.11;

(ii) the Indenture Trustee is adjudged as bankrupt or insolvent;

(iii) a receiver or other public officer takes charge of the Indenture Trustee or its property;

(iv) the Indenture Trustee otherwise becomes incapable of acting; or

(v) the Indenture Trustee fails to provide to the Issuer any information reasonably requested by the Issuer pertaining to the Indenture Trustee and necessary for the Issuer or the Depositor to comply with its reporting obligations under the Exchange Act and Regulation AB and such failure is not resolved to the Issuer's and the Indenture Trustee's mutual satisfaction within a reasonable period of time.

Any removal or resignation of the Indenture Trustee shall also constitute a removal or resignation of the Securities Intermediary.

(b) If the Indenture Trustee or Securities Intermediary gives notice of resignation or is removed or if a vacancy exists in the office of Indenture Trustee or Securities Intermediary for any reason (the Indenture Trustee in such event being referred to herein as the retiring Indenture Trustee and the Securities Intermediary in such event being referred to herein as the retiring Securities Intermediary), the Issuer shall promptly appoint a successor Indenture Trustee or a successor Securities Intermediary, as the case may be.

(c) Each of the successor Indenture Trustee and the successor Securities Intermediary, as the case may be, shall deliver a written acceptance of its appointment as the Indenture Trustee or as the Securities Intermediary, as applicable, to the retiring Indenture Trustee and the retiring Securities Intermediary, as applicable, and to the Issuer. Thereupon the resignation or removal of the retiring Indenture Trustee or the retiring Securities Intermediary, as the case may be, shall become effective, and the successor Indenture Trustee or the successor Securities Intermediary, as applicable, shall have all the rights, powers and duties of the Indenture Trustee and Securities Intermediary, as applicable, under this Indenture, the Intercreditor Agreement and the other Basic Documents. No resignation or removal of the Indenture Trustee pursuant to this Section 6.08 shall become effective until acceptance of the appointment by a successor Indenture Trustee having the qualifications set forth in Section 6.11. Notice of any such appointment shall be promptly given to each Rating Agency by the successor Indenture Trustee. The successor Indenture Trustee shall mail a notice of its succession to the Holders. The retiring Indenture Trustee shall promptly transfer all property held by it as Indenture Trustee to the successor Indenture Trustee.

(d) If a successor Indenture Trustee or a successor Securities Intermediary does not take office within sixty (60) days after the retiring Indenture Trustee or the retiring Securities Intermediary, as the case may be, resigns or is removed, the retiring Indenture Trustee or the retiring Securities Intermediary, as the case may be, the Issuer or the Holders of a majority in Outstanding Amount of the SAC Bonds may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee or a successor Securities Intermediary, as the case may be.

(e) If the Indenture Trustee fails to comply with Section 6.11, any Holder may petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(f) Notwithstanding the replacement of the Indenture Trustee or the Securities Intermediary pursuant to this Section 6.08, the Issuer's obligations under Section 6.07 shall continue for the benefit of the retiring Indenture Trustee and the retiring Securities Intermediary.

SECTION 6.09. Successor Indenture Trustee by Merger. If the Indenture Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation or banking association without any further act shall be the successor Indenture Trustee; provided, however, that if such successor Indenture Trustee is not eligible under Section 6.11, then the successor Indenture Trustee shall be replaced in accordance with Section 6.08. Notice of any such event shall be promptly given to each Rating Agency by the successor Indenture Trustee.

In case at the time such successor or successors by merger, conversion, consolidation or transfer shall succeed to the trusts created by this Indenture any of the SAC Bonds shall have been authenticated but not delivered, any such successor to the Indenture Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver the SAC Bonds so authenticated; and in case at that time any of the SAC Bonds shall not have been authenticated, any successor to the Indenture Trustee may authenticate the SAC Bonds either in the name of any predecessor hereunder or in the name of the successor to the Indenture Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the SAC Bonds or in this Indenture provided that the certificate of the Indenture Trustee shall have.

SECTION 6.10. Appointment of Co-Trustee or Separate Trustee.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the trust created by this Indenture or the SAC Bond Collateral may at the time be located, the Indenture Trustee shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the trust created by this Indenture or the SAC Bond Collateral, and to vest in such Person or Persons, in such capacity and for the benefit of the Secured Parties, such title to the SAC Bond Collateral, or any part hereof, and, subject to the other provisions of this Section 6.10, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to the Holders of the appointment of any co-trustee or separate trustee shall be required under Section 6.08. Notice of any such appointment shall be promptly given to each Rating Agency and the Commission by the Indenture Trustee.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any applicable law of any jurisdiction in which any particular act or acts are to be performed the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the SAC Bond Collateral or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then-separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

SECTION 6.11. Eligibility; Disqualification. The Indenture Trustee shall at all times satisfy the requirements of TIA § 310(a)(1) and § 310(a)(5) and Section 26(a)(1) of the Investment Company Act. The Indenture Trustee shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition and it shall have a long-term debt or long-term issuer rating of "Baa3" or better by Moody's and "BBB-" or better by Standard & Poor's. The Indenture Trustee shall comply with TIA § 310(b), including the optional provision permitted by the second sentence of TIA § 310(b)(9); provided, however, that there shall be excluded from the operation of TIA § 310(b)(1) any indenture or indentures under which other securities of the Issuer are outstanding if the requirements for such exclusion set forth in TIA § 310(b)(1) are met.

SECTION 6.12. Preferential Collection of Claims Against Issuer. The Indenture Trustee shall comply with TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). An Indenture Trustee who has resigned or been removed shall be subject to TIA § 311(a) to the extent indicated therein.

SECTION 6.13. Representations and Warranties of Indenture Trustee and Securities Intermediary. Each of the Indenture Trustee and the Securities Intermediary hereby represents and warrants as of the date hereof that:

(a) it is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America;

(b) it has full power, authority and legal right to execute, deliver and perform its obligations under this Indenture and the other Basic Documents to which it is a party and has taken all necessary action to authorize the execution, delivery, and performance of obligations by it of this Indenture and such other Basic Documents; and

(c) no consent, license, approval or authorization of, or filing or registration with, any governmental authority, bureau or agency is required to be obtained that has not been obtained by it in connection with the execution, delivery or performance by it of this Indenture and the other Basic Documents to which it is a party.

SECTION 6.14. Annual Report by Independent Registered Public Accountants. In the event the firm of Independent registered public accountants requires the Indenture Trustee to agree or consent to the procedures performed by such firm pursuant to Section 3.04(a) of the Servicing Agreement, the Indenture Trustee shall deliver such letter of agreement or consent in conclusive reliance upon the written direction of the Issuer in accordance with Section 3.04(a) of the Servicing Agreement. In the event such firm requires the Indenture Trustee to agree to the procedures performed by such firm, the Issuer shall direct the Indenture Trustee in writing to so agree, it being understood and agreed that the Indenture Trustee will deliver such letter of agreement in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee makes no independent inquiry or investigation to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

SECTION 6.15. Custody of SAC Bond Collateral. The Indenture Trustee shall hold such of the SAC Bond Collateral (and any other collateral that may be granted to the Indenture Trustee) as consists of instruments, deposit accounts, negotiable documents, money, goods, letters of credit, and advices of credit in the State of New York. The Indenture Trustee shall hold such of the SAC Bond Collateral as constitute investment property through the Securities Intermediary (which, as of the date hereof, is U.S. Bank National Association). The initial Securities Intermediary, hereby agrees (and each future Securities Intermediary shall agree) with the Indenture Trustee that (a) such investment property (including cash) shall at all times be credited to a Securities Account of the Indenture Trustee, (b) the Securities Intermediary shall treat the Indenture Trustee as entitled to exercise the rights that comprise each Financial Asset credited to such Securities Account, (c) all property (including cash) credited to such Securities Account shall be treated as a Financial Asset, (d) the Securities Intermediary shall comply with entitlement orders originated by the Indenture Trustee without the further consent of any other Person or entity, (e) the Securities Intermediary will not agree with any Person other than the Indenture Trustee to comply with entitlement orders originated by such other Person, (f) such Securities Accounts and the property credited thereto shall not be subject to any Lien or right of set-off in favor of the Securities Intermediary or anyone claiming through it (other than the Indenture Trustee), and (g) such agreement shall be governed by the internal laws of the State of New York. The Indenture Trustee shall hold any SAC Bond Collateral consisting of money in a deposit account and shall act as a "bank" for purposes of perfecting the security interest in such deposit account. Terms used in the two (2) preceding sentences that are defined in the UCC and not otherwise defined herein shall have the meaning set forth in the UCC. Except as permitted by this Section 6.15, or elsewhere in this Indenture, the Indenture Trustee shall not hold SAC Bond Collateral through an agent or a nominee.

SECTION 6.16. FATCA. The Issuer agrees (i) to provide the Indenture Trustee with such reasonable information as it has in its possession to enable the Indenture Trustee to determine whether any payments pursuant to the Indenture are subject to the withholding requirements described in Section 1471(b) of the Internal Revenue Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Internal Revenue Code and any regulations, or agreements thereunder or official interpretations thereof ("Applicable FATCA Law"), and (ii) that the Indenture Trustee shall be entitled to make any withholding or deduction from payments under the Indenture to the extent necessary to comply with Applicable FATCA Law, for which the Indenture Trustee shall not have any liability.

SECTION 6.17. Related Parties. It is expressly acknowledged, agreed and consented to that U.S. Bank National Association will be acting in the capacity of Securities Intermediary and its affiliate, U.S. Bank Trust Company, National Association will be acting in the capacities of Indenture Trustee, SAC Bond Registrar, Paying Agent hereunder and in such other roles as are assigned to them under the Basic Documents. Each of U.S. Bank National Association and U.S. Bank Trust Company, National Association, may in such multiple capacities, discharge its separate functions fully, without hindrance or regard to conflict of interest principles, duty of loyalty principles or other equitable principles to the extent that any such conflict arises from the performance by it of its express duties set forth in this Indenture or any other Basic Document, in any such capacities, all of which defenses, claims or assertions based on the foregoing are hereby expressly waived by the Issuer and the Holders and any other Person having rights pursuant to hereto or thereto; provided, in no event shall this Section 6.17 exculpate either U.S. Bank National Association or U.S. Bank Trust Company, National Association, in the case of its own willful misconduct, negligence or bad faith.

ARTICLE VII

HOLDERS' LISTS AND REPORTS

SECTION 7.01. Issuer To Furnish Indenture Trustee Names and Addresses of the Holders. The Issuer will furnish or cause to be furnished to the Indenture Trustee (a) not more than five (5) days after the earlier of (i) each Record Date and (ii) six (6) months after the last Record Date, a list, in such form as the Indenture Trustee may reasonably require, of the names and addresses of the Holders as of such Record Date, and (b) at such other times as the Indenture Trustee may request in writing, within thirty (30) days after receipt by the Issuer of any such request, a list of similar form and content as of a date not more than ten (10) days prior to the time such list is furnished; provided, however, that so long as the Indenture Trustee is the SAC Bond Registrar, no such list shall be required to be furnished.

SECTION 7.02. Preservation of Information; Communications to the Holders.

(a) The Indenture Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Holders contained in the most recent list furnished to the Indenture Trustee as provided in Section 7.01 and the names and addresses of the Holders received by the Indenture Trustee in its capacity as SAC Bond Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 7.01 upon receipt of a new list so furnished.

(b) Holders may communicate pursuant to TIA § 312(b) with other Holders with respect to their rights under this Indenture or under the SAC Bonds. In addition, upon the written request of any Holder or group of the Holders of Outstanding SAC Bonds evidencing not less than ten (10) percent of the Outstanding Amount of the SAC Bonds, the Indenture Trustee shall afford the Holder or the Holders making such request a copy of a current list of the Holders for purposes of communicating with other the Holders with respect to their rights hereunder; provided, that the Indenture Trustee gives prior written notice to the Issuer of such request.

(c) The Issuer, the Indenture Trustee and the SAC Bond Registrar shall have the protection of TIA § 312(c).

SECTION 7.03. Reports by Issuer.

(a) The Issuer shall:

(i) so long as the Issuer or the Depositor is required to file such documents with the SEC, provide to the Indenture Trustee, within fifteen (15) days after the Issuer is required to file the same with the SEC, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) which the Issuer or the Depositor may be required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act;

(ii) provide to the Indenture Trustee and file with the SEC, in accordance with rules and regulations prescribed from time to time by the SEC such additional information, documents and reports with respect to compliance by the Issuer with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(iii) supply to the Indenture Trustee (and the Indenture Trustee shall transmit to all the Holders described in TIA § 313(c)), such summaries of any information, documents and reports required to be filed by the Issuer pursuant to Section 7.03(a)(i) and (ii) as may be required by rules and regulations prescribed from time to time by the SEC.

(b) Except as may be provided by TIA § 313(c), the Issuer may fulfill its obligation to provide the materials described in Section 7.03(a) by providing such materials in electronic format, and the Issuer shall be deemed to have provided such materials to the Indenture Trustee if such materials are available on the SEC's EDGAR website (or any successor SEC website).

(c) Delivery of such reports, information and documents to the Indenture Trustee is for informational purposes only and the Indenture Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Indenture Trustee is entitled to rely exclusively on Officer's Certificates).

(d) Unless the Issuer otherwise determines, the fiscal year of the Issuer shall end on December 31 of each year.

SECTION 7.04. Reports by Indenture Trustee. If required by TIA § 313(a), within sixty (60) days after March 30 of each year, commencing with March 30, 2027, the Indenture Trustee shall send to each Holder as required by TIA § 313(c) a brief report dated as of such date that complies with TIA § 313(a). The Indenture Trustee also shall comply with TIA § 313(b); provided, however, that the initial report if required to be so issued shall be delivered not more than twelve (12) months after the initial issuance of the SAC Bonds.

A copy of each report at the time of its sending to the Holders shall be filed by the Servicer with the SEC and each stock exchange, if any, on which the SAC Bonds are listed. The Issuer shall notify the Indenture Trustee in writing if and when the SAC Bonds are listed on any stock exchange.

ARTICLE VIII

ACCOUNTS, DISBURSEMENTS AND RELEASES

SECTION 8.01. Collection of Money. Except as otherwise expressly provided herein, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture and the other Basic Documents. The Indenture Trustee shall apply all such money received by it as provided in this Indenture. Except as otherwise expressly provided in this Indenture, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the SAC Bond Collateral, the Indenture Trustee may take such action as may be appropriate to enforce such payment or performance, subject to Article VI, including the institution and prosecution of appropriate Proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article V.

SECTION 8.02. Collection Account.

(a) Prior to the Closing Date, the Issuer shall open or cause to be opened with the Securities Intermediary, or at another Eligible Institution, one or more segregated trust accounts in the Indenture Trustee's name for the deposit of Estimated Collections, SAC Charge Collections and all other amounts received with respect to the SAC Bond Collateral (the "Collection Account"). The Securities Intermediary shall hold the Collection Account for the benefit of the Secured Parties and other Persons indemnified hereunder. Initially, the Collection Account shall be divided into three subaccounts, which need not be separate accounts: a general subaccount (the "General Subaccount"), an excess funds subaccount (the "Excess Funds Subaccount") and a capital subaccount (the "Capital Subaccount" and, together with the General Subaccount and the Excess Funds Subaccount, the "Subaccounts"). Each Subaccount shall have a separate subledger account (each, a "Cash Subaccount") where cash allocated to the related Subaccount will be held. Only cash shall be allocated to a Cash Subaccount and no other SAC Bond Collateral shall be allocated to a Cash Subaccount. References to any Subaccount shall be deemed to include the related Cash Subaccount. For administrative purposes, the Subaccounts may be established by the Indenture Trustee as separate accounts. Such separate accounts will be recognized individually as a Subaccount and collectively as the "Collection Account." Prior to or concurrently with the

issuance of SAC Bonds, the Member shall deposit into the Capital Subaccount an amount equal to the Required Capital Level. All amounts in the Collection Account not allocated to any other subaccount shall be allocated to the General Subaccount. Any cash transferred to, or arising under, a Subaccount will be held in the related Cash Subaccount. Prior to the Initial Payment Date, all amounts in the Collection Account (other than funds deposited into the Capital Subaccount, up to the Required Capital Level and Return on Invested Capital) shall be allocated to the General Subaccount. All references to the Collection Account shall be deemed to include reference to all Subaccounts contained therein. Withdrawals from and deposits to each of Subaccounts of the Collection Account shall be made as set forth in Section 8.02(d) and (e). The Collection Account shall at all times be maintained in an Eligible Account, under the sole dominion and exclusive control of the Indenture Trustee, through the Securities Intermediary, and only the Indenture Trustee shall have access to the Collection Account for the purpose of making deposits in and withdrawals from the Collection Account in accordance with this Indenture. Funds in the Collection Account shall not be commingled with any other moneys. All moneys deposited from time to time in the Collection Account, all deposits therein pursuant to this Indenture, and all investments made in Eligible Investments as directed in writing by the Issuer with such moneys, including all income or other gain from such investments other than Return on Invested Capital, shall be held by the Indenture Trustee in the Collection Account as part of the SAC Bond Collateral as herein provided. The Securities Intermediary shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or its date of redemption or the failure of the Issuer or the Servicer to provide timely written investment direction (other than investments on which the Indenture Trustee is an obligor).

(b) The Securities Intermediary hereby confirms and agrees that (i) the Collection Account (other than each Cash Subaccount) is, or at inception will be established as, and will at all times be maintained as, a "securities account" as such term is defined in Section 8-501(a) of the UCC, (ii) it is and will at all times be a "securities intermediary" (as such term is defined in Section 8-102(a) (14) of the UCC) and is and will at all times be acting in such capacity with respect to such accounts, (iii) the Indenture Trustee for the benefit of the Secured Parties is and will at all times be the sole "entitlement holder" (as such term is defined in Section 8-102(a)(7) of the UCC) with respect to such accounts and no other Person shall have the right to give "entitlement orders" (as such term is defined in Section 8-102(a)(8)) with respect to such Collection Account and (iv) the Securities Intermediary shall comply with "entitlement orders" originated by the Indenture Trustee with respect to the Collection Account without further consent of the Issuer or any other Person. The Securities Intermediary hereby further confirms and agrees that (i) each item of property (whether investment property, Financial Asset, security, instrument or cash) received by it will be credited to the Collection Account (and that all cash will be credited to the related Cash Subaccount) and (ii) such property, other than cash, shall be treated by it as a Financial Asset. The Indenture Trustee shall cause the Securities Intermediary to hold any SAC Bond Collateral consisting of money in the applicable Cash Subaccount and the Securities Intermediary hereby confirms and agrees that each Cash Subaccount is and will at all times be maintained as a "deposit account" within the meaning of Section 9-102(a)(29) of the UCC. The Securities Intermediary further confirms and agrees that for purposes of perfecting the security interest in such deposit account, it shall (i) act as the "bank" within the meaning of Section 9-102(a)(8) of the UCC and (ii) comply with instructions originated by the Indenture Trustee directing disposition of the funds in each Cash Subaccount without further consent of the Issuer or any other Person. The Securities Intermediary shall not change the name or account number of

the Collection Account or any subaccount thereof without the prior written consent of the Indenture Trustee and the Issuer. The Securities Intermediary shall not agree with any person or entity other than the Indenture Trustee that it will comply with entitlement orders or instructions originated by any person or entity other than the Indenture Trustee. Notwithstanding anything to the contrary, for purposes of the UCC, the State of New York shall be deemed to be the "securities intermediary's jurisdiction" within the meaning of Section 8-110(e) of the UCC of the Securities Intermediary and the "bank's jurisdiction" within the meaning of Section 9-304(a) of the UCC of the Securities Intermediary acting as the "bank" and the Collection Account (as well as the securities entitlements related thereto) shall be governed by the laws of the State of New York. The Securities Intermediary represents and agrees that (i) the "account agreement" (within the meaning of the Hague Securities Convention) establishing the Collection Account is governed by the law of the State of New York and that the law of the State of New York shall govern all issues specified in Article 2(1) of the Hague Securities Convention and (ii) at the time of entry of such account agreement, the Securities Intermediary had one or more offices (within the meaning of the Hague Securities Convention) in the United States of America which satisfies the criteria provided in Article 4(1)(a) or (b) of the Hague Securities Convention.

(c) The Indenture Trustee shall have sole dominion and exclusive control over all moneys in, and all other property credited to, the Collection Account through the Securities Intermediary and shall apply such amounts therein as provided in this Section 8.02. The Indenture Trustee shall also pay from the Collection Account any amounts requested in writing to be paid by or to the Servicer pursuant to Section 6.11(c)(ii) of the Servicing Agreement.

(d) SAC Charge Collections shall be deposited in the General Subaccount as provided in Section 6.11 of the Servicing Agreement. All deposits to and withdrawals from the Collection Account, all allocations to the Subaccounts of the Collection Account and any amounts to be paid to the Servicer under Section 8.02(c) shall be made by the Indenture Trustee in accordance with the written instructions provided by the Servicer in the Monthly Servicer's Certificate, the Servicer's Certificate or upon other written notice provided by the Servicer pursuant to Section 6.11(a) of the Servicing Agreement, as applicable.

(e) On each Payment Date, the Indenture Trustee shall apply all amounts on deposit in the Collection Account, including all Investment Earnings thereon, to pay the following amounts, solely in accordance with the Servicer's Certificate, in the following priority:

(i) payment of all amounts owed by the Issuer to the Indenture Trustee (including legal fees and expenses and outstanding indemnity amounts) shall be paid to the Indenture Trustee (subject to Section 6.07) in an amount not to exceed annually the amount set forth in the Series Supplement provided, however that such cap shall be disregarded and inapplicable upon acceleration of the SAC Bonds under Section 5.02;

(ii) payment of the Servicing Fee with respect to such Payment Date and all unpaid Servicing Fees for prior Payment Dates shall be paid to the Servicer;

(iii) payment of the Administration Fee due on such Payment Date shall be paid to the Administrator and the Independent Manager Fee due on such Payment Date shall be paid to the Independent Managers, and in each case with any unpaid Administration Fees or Independent Manager Fees from prior Payment Dates;

(iv) payment of all other ordinary and periodic Operating Expenses for such Payment Date not described above shall be paid to the parties, pro rata, to which such Operating Expenses are owed;

(v) Payment of the Periodic Interest for such Payment Date, including any overdue Periodic Interest (together with, to the extent lawful, interest on such overdue Periodic Interest at the applicable Bond Interest Rate), with respect to the SAC Bonds shall be paid to the Holders of SAC Bonds;

(vi) payment of the principal due and payable on the SAC Bonds on any Final Maturity Date or pursuant to Section 5.02 upon an Event of Default shall be paid to the Holders of SAC Bonds;

(vii) payment of the Periodic Principal for such Payment Date, including any overdue Periodic Principal, with respect to the SAC Bonds shall be paid to the Holders of SAC Bonds;

(viii) payment of any other unpaid fees, expenses and indemnity amounts owed to the Indenture Trustee;

(ix) payment of any other remaining unpaid Operating Expenses and any remaining amounts owed pursuant to the Basic Documents;

(x) replenishment of the amount, if any, by which the Required Capital Level exceeds the amount in the Capital Subaccount as of such Payment Date shall be allocated to the Capital Subaccount;

(xi) any Return on Invested Capital then due and payable shall be paid to APCo;

(xii) the balance, if any, shall be allocated to the Excess Funds Subaccount for distribution on subsequent Payment Dates; and

(xiii) after principal of and premium, if any, and interest on all SAC Bonds, and all of the other foregoing amounts, have been paid in full, including, without limitation, amounts due and payable to the Indenture Trustee under Section 6.07 or otherwise, the balance (including all amounts then held in the Capital Subaccount and the Excess Funds Subaccount), if any, shall be paid to the Issuer, free from the Lien of this Indenture and the Series Supplement.

All payments to the Holders of the SAC Bonds pursuant to Section 8.02(e)(v), (vi) and (vii) above shall be made to such Holders pro rata based on the respective amounts of interest and/or principal owed, unless, in the case of SAC Bonds comprised of two or more Tranches, the Series Supplement provides otherwise. Payments in respect of principal of and premium, if any, and interest on any Tranche of SAC Bonds will be made on a pro rata basis among all the Holders of such Tranche. In the case of an Event of Default, then, in accordance with Section 5.04(c), in respect of any application of moneys pursuant to Section 8.02(e)(v) or (vi), moneys will be applied pursuant to Section 8.02(e)(v) and (vi), as the case may be, in such order, on a pro rata basis, based upon the interest or the principal owed.

(f) If on any Payment Date funds on deposit in the General Subaccount are insufficient to make the payments contemplated by Section 8.02(e)(i)-(ix) above, the Indenture Trustee shall: (i) first, draw from amounts on deposit in the Excess Funds Subaccount and (ii) second, draw from amounts on deposit in the Capital Subaccount, in each case, up to the amount of such shortfall in order to make the payments contemplated by Section 8.02(e)(i)-(ix). In addition, if on any Payment Date funds on deposit in the General Subaccount are insufficient to make the allocations contemplated by clause (x) above, the Indenture Trustee shall draw from amounts on deposit in the Excess Funds Subaccount to make such allocations.

(g) On any Business Day upon which the Indenture Trustee receives a written request from the Administrator stating that any Operating Expense payable by the Issuer (but only as described in Section 8.02(e)(i)-(iv)) will become due and payable prior to the next Payment Date, and setting forth the amount and nature of such Operating Expense and the date such Operating Expense is due, as well as any supporting documentation that the Indenture Trustee may reasonably request, the Indenture Trustee, upon receipt of such information, will make payment of such Operating Expenses on or before the date such payment is due from amounts on deposit in the General Subaccount, the Excess Funds Subaccount and the Capital Subaccount, in that order and only to the extent required to make such payment.

SECTION 8.03. General Provisions Regarding the Collection Account.

(a) So long as no Default or Event of Default shall have occurred and be continuing, all or a portion of the funds in the Collection Account shall be invested in Eligible Investments and reinvested by the Indenture Trustee upon Issuer Order; provided, however, that such Eligible Investments shall not mature or be redeemed later than the Business Day prior to the next Payment Date or Special Payment Date, if applicable, for the SAC Bonds. All income or other gain from investments of moneys deposited in the Collection Account shall be deposited by the Indenture Trustee in such Collection Account, and any loss resulting from such investments shall be charged to the Collection Account. The Issuer will not direct the Indenture Trustee to make any investment of any funds or to sell any investment held in the Collection Account unless the security interest Granted and perfected in such account will continue to be perfected in such investment or the proceeds of such sale, in either case without any further action by any Person, and, in connection with any direction to the Indenture Trustee to make any such investment or sale, if requested by the Indenture Trustee, the Issuer shall deliver to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer (at the Issuer's cost and expense) to such effect. In no event shall the Indenture Trustee be liable for the selection of Eligible Investments or for investment losses incurred thereon. The Indenture Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or its date of redemption or the failure of the Issuer or the Servicer to provide timely written investment direction. The Indenture Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of written investment direction pursuant to an Issuer Order, in which case such amounts shall remain uninvested.

(b) Subject to Section 6.01(c), the Indenture Trustee shall not in any way be held liable by reason of any insufficiency in the Collection Account resulting from any loss on any Eligible Investment included therein except for losses attributable to the Indenture Trustee's failure to make payments on such Eligible Investments issued by the Indenture Trustee, in its commercial capacity as principal obligor and not as trustee, in accordance with their terms.

(c) If (i) the Issuer shall have failed to give written investment directions for any funds on deposit in the Collection Account to the Indenture Trustee by 11:00 a.m. New York City Time (or such other time as may be agreed by the Issuer and Indenture Trustee) on any Business Day; or (ii) a Default or Event of Default shall have occurred and be continuing with respect to the SAC Bonds but the SAC Bonds shall not have been declared due and payable pursuant to Section 5.02, then the Indenture Trustee shall, to the fullest extent practicable, invest and reinvest funds in such Collection Account in Eligible Investments specified in the most recent written investment directions delivered by the Issuer to the Indenture Trustee; provided, that if the Issuer has never delivered written investment directions to the Indenture Trustee, the Indenture Trustee shall not invest or reinvest such funds in any investments.

(d) The parties hereto acknowledge that the Servicer may, pursuant to the Servicing Agreement, select Eligible Investments on behalf of the Issuer; provided, however, that any such investment direction on behalf of the Issuer must be given in writing to the Indenture Trustee.

(e) Except as otherwise provided hereunder or agreed in writing among the parties hereto, the Issuer shall retain the authority to institute, participate and join in any plan of reorganization, readjustment, merger or consolidation with respect to the issuer of any Eligible Investments held hereunder, and, in general, to exercise each and every other power or right with respect to each such asset or investment as Persons generally have and enjoy with respect to their own assets and investment, including power to vote upon any Eligible Investments.

SECTION 8.04. Release of SAC Bond Collateral.

(a) So long as the Issuer is not in Default hereunder and no Default or Event of Default hereunder would occur as a result of such action, the Issuer, through the Servicer, may collect, sell or otherwise dispose of written-off receivables, at any time and from time to time in the ordinary course of business, without any notice to, or release or consent by, the Indenture Trustee, but only as and to the extent permitted by the Basic Documents; provided, however, that any and all proceeds of such dispositions shall become part of the SAC Bond Collateral and be deposited to the General Subaccount promptly upon receipt thereof by the Issuer or any other Person, including the Servicer. Without limiting the foregoing, the Servicer, may, at any time and from time to time without any notice to, or release or consent by, the Indenture Trustee, sell or otherwise dispose of any part of the SAC Bond Collateral previously written-off as a defaulted or uncollectible account in accordance with the terms of the Servicing Agreement and the requirements of the proviso in the immediately preceding sentence.

(b) The Indenture Trustee may, and when required by the provisions of this Indenture shall, execute instruments to release property from the Lien of this Indenture, or convey the Indenture Trustee's interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article VIII shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the

application of any moneys. The Indenture Trustee shall release property from the Lien of this Indenture pursuant to this Section 8.04(b) only upon receipt of an Issuer Request accompanied by an Officer's Certificate, an Opinion of Counsel of external counsel of the Issuer (at the Issuer's cost and expense) and (if required by the TIA) Independent Certificates in accordance with TIA §§ 314(c) and 314(d)(1) meeting the applicable requirements of Section 10.01.

(c) The Indenture Trustee shall, at such time as there are no SAC Bonds Outstanding and all other Financing Costs are paid and full and all sums payable to the Indenture Trustee pursuant to Section 6.07 or otherwise have been paid, release any remaining portion of the SAC Bond Collateral that secured the SAC Bonds from the Lien of this Indenture and release to the Issuer or any other Person entitled thereto any funds or investments then on deposit in or credited to the Collection Account in accordance with Section 8.02.

SECTION 8.05. Opinion of Counsel. The Indenture Trustee shall receive at least seven (7) days' notice when requested by the Issuer to take any action pursuant to Section 8.04, accompanied by copies of any instruments involved, and the Indenture Trustee shall also require, as a condition to such action, an Opinion of Counsel of external counsel of the Issuer, in form and substance satisfactory to the Indenture Trustee, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely impair the perfection or priority of the remaining security for the SAC Bonds or the rights of the Holders in contravention of the provisions of this Indenture and the Series Supplement; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the SAC Bond Collateral. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

SECTION 8.06. Reports by Independent Registered Public Accountants. As of the Closing Date, the Issuer shall appoint a firm of Independent registered public accountants of recognized national reputation for purposes of preparing and delivering the reports or certificates of such accountants required by this Indenture and the Series Supplement. In the event such firm requires the Indenture Trustee to agree to the procedures performed by such firm, the Issuer shall direct the Indenture Trustee in writing to so agree; it being understood and agreed that the Indenture Trustee will deliver such letter of agreement in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee makes no independent inquiry or investigation to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures. Upon any resignation by, or termination by the Issuer of, such firm, the Issuer shall provide written notice thereof to the Indenture Trustee and shall promptly appoint a successor thereto that shall also be a firm of Independent registered public accountants of recognized national reputation. If the Issuer shall fail to appoint a successor to a firm of Independent registered public accountants that has resigned or been terminated within fifteen (15) days after such resignation or termination, the Indenture Trustee shall promptly notify the Issuer of such failure in writing. If the Issuer shall not have appointed a successor within ten (10) days thereafter the Indenture Trustee (at the written direction of the Holders of a majority of the Outstanding Amount of the SAC Bonds) shall promptly appoint a successor firm of Independent registered public accountants of recognized national reputation; provided that the Indenture Trustee shall have no liability with respect to such appointment. The fees of such Independent registered public accountants and its successor shall be payable by the Issuer as an Operating Expense.

ARTICLE IX

SUPPLEMENTAL INDENTURES

SECTION 9.01. Supplemental Indentures Without Consent of Holders.

(a) Without the consent of the Holders of any SAC Bonds but with prior notice to the Rating Agencies, the Issuer and the Indenture Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto (which shall conform to the provisions of the TIA as in force at the date of the execution thereof), in form satisfactory to the Indenture Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property, including, without limitation, the SAC Bond Collateral, at any time subject to the Lien of this Indenture, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the Lien of this Indenture and the Series Supplement, or to subject to the Lien of this Indenture and the Series Supplement additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another Person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the SAC Bonds;

(iii) to add to the covenants of the Issuer, for the benefit of the Secured Parties, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Indenture Trustee;

(v) to cure any ambiguity or mistake, to correct or supplement any provision herein or in any supplemental indenture, including the Series Supplement, which may be inconsistent with any other provision herein or in any supplemental indenture, including the Series Supplement, or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; provided that (A) such action shall not, as evidenced by an Officer's Certificate of the Issuer, adversely affect in any material respect the interests of the Holders of the SAC Bonds and (B) the Rating Agency Condition shall have been satisfied with respect thereto;

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the SAC Bonds and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI;

(vii) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the TIA or under any similar or successor federal statute hereafter enacted and to add to this Indenture such other provisions as may be expressly required by the TIA;

(viii) to evidence the final terms of the SAC Bonds in the Series Supplement;

(ix) to qualify the SAC Bonds for registration with a Clearing Agency;

(x) to satisfy any Rating Agency requirements;

(xi) to make any amendment to this Indenture or the SAC Bonds relating to the transfer and legending of the SAC Bonds to comply with applicable securities laws;

(xii) to conform the text of this Indenture or the SAC Bonds to any provisions of the registration statement filed by the Issuer with the SEC with respect to the issuance of the SAC Bonds to the extent that such provision was intended to be a verbatim recitation of a provision of this Indenture or the SAC Bonds; or

(xiii) to authorize the appointment of any Person for the SAC Bonds required or advisable with the listing of the SAC Bonds on any stock exchange and otherwise amend this Indenture to incorporate changes requested or required by any Governmental Authority, stock exchange authority or fiduciary for the SAC Bonds in connection with such listing.

The Indenture Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) The Issuer and the Indenture Trustee, when authorized by an Issuer Order, may, also without the consent of any of the Holders of the SAC Bonds, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders of the SAC Bonds under this Indenture; provided, however, that (i) such action shall not, as evidenced by an Opinion of Counsel of nationally recognized counsel of the Issuer experienced in structured finance transactions, adversely affect in any material respect the interests of the Holders and (ii) the Rating Agency Condition shall have been satisfied with respect thereto.

SECTION 9.02. Supplemental Indentures with Consent of Holders. The Issuer and the Indenture Trustee, when authorized by an Issuer Order, also may, with prior notice to the Rating Agencies and with the written consent of the Holders of not less than a majority of the Outstanding Amount of the SAC Bonds of each Tranche to be adversely affected, by Act of such Holders delivered to the Issuer and the Indenture Trustee, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders of the SAC Bonds under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding SAC Bond of each Tranche affected thereby:

(i) change the date of payment of any installment of principal of or premium, if any, or interest on any SAC Bond of such Tranche, or reduce the principal amount thereof, the interest rate thereon or premium, if any, with respect thereto, change the provisions of this Indenture and the Series Supplement relating to the application of collections on, or the proceeds of the sale of, the SAC Bond Collateral to payment of principal of or premium, if any, or interest on the SAC Bonds, or change any place of payment where, or the coin or currency in which, any SAC Bond or the interest thereon is payable;

(ii) reduce the percentage of the Outstanding Amount of the SAC Bonds or of a Tranche thereof, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

(iii) reduce the percentage of the Outstanding Amount of the SAC Bonds required to direct the Indenture Trustee to direct the Issuer to sell or liquidate the SAC Bond Collateral pursuant to Section 5.04;

(iv) modify any provision of this Section 9.02 except to increase any percentage specified herein or to provide that those provisions of this Indenture or the other Basic Documents referenced in this Section 9.02 cannot be modified or waived without the consent of the Holder of each Outstanding SAC Bond affected thereby;

(v) modify any of the provisions of this Indenture in such manner as to affect the calculation of the amount of any payment of interest, principal or premium, if any, due on any SAC Bond on any Payment Date (including the calculation of any of the individual components of such calculation) or change the Expected Amortization Schedule, Expected Sinking Fund Schedule or Final Maturity Date of any Tranche of SAC Bonds;

(vi) decrease the Required Capital Level;

(vii) permit the creation of any Lien ranking prior to or on a parity with the Lien of this Indenture with respect to any part of the SAC Bond Collateral or, except as otherwise permitted or contemplated herein, terminate the Lien of this Indenture on any property at any time subject hereto or deprive the Holder of any SAC Bond of the security provided by the Lien of this Indenture;

(viii) cause any material adverse U.S. federal income tax consequence to the Seller, the Issuer, the Managers, the Indenture Trustee or the then-existing Holders; or

(ix) impair the right to institute suit for the enforcement of the provisions of this Indenture regarding payment or application of funds.

It shall not be necessary for any Act of Holders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Promptly after the execution by the Issuer and the Indenture Trustee of any supplemental indenture pursuant to this Section 9.02, the Issuer shall mail to the Rating Agencies a copy of such supplemental indenture and to the Holders of the SAC Bonds to which such supplemental indenture relates either a copy of such supplemental indenture or a notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 9.03. Execution of Supplemental Indentures. In executing any supplemental indenture permitted by this Article IX or the modifications thereby of the SAC Bond Collateral, the Indenture Trustee shall be entitled to receive, and subject to Sections 6.01 and 6.02, shall be fully protected in relying upon an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and all conditions precedent, if any, provided for in this Indenture relating to such supplemental indenture or modification have been satisfied. The Indenture Trustee and the Securities Intermediary may, but shall not be obligated to, enter into any such supplemental indenture that affects the Indenture Trustee's or the Securities Intermediary's own rights, duties, liabilities or immunities under this Indenture or otherwise. All fees, costs and expenses (including attorneys' fees and expenses) in connection with any such supplemental indenture shall be paid by the requesting party, provided, however, that any and all such fees, costs and expenses (including attorneys' fees and expenses) incurred by the Indenture Trustee shall be paid and/or reimbursed by the Issuer.

SECTION 9.04. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith with respect to each Tranche of SAC Bonds affected thereby, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Indenture of the Indenture Trustee, the Issuer and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.05. Conformity with Trust Indenture Act. Every amendment of this Indenture and every supplemental indenture executed pursuant to this Article IX shall conform to the requirements of the TIA as then in effect so long as this Indenture shall then be qualified under the TIA.

SECTION 9.06. Reference in SAC Bonds to Supplemental Indentures. SAC Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to this Article IX may, and if required by the Indenture Trustee shall, bear a notation in a form approved by the Indenture Trustee as to any matter provided for in such supplemental indenture. If the Issuer or the Indenture Trustee shall so determine, new SAC Bonds so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding SAC Bonds.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Compliance Certificates and Opinions, etc.

(a) Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Indenture Trustee (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, (ii) an Opinion of Counsel stating that in the opinion of such counsel the amendment is authorized and permitted and all such conditions precedent, if any, have been complied with and (iii) (if required by the TIA) an Independent Certificate from a firm of registered public accountants meeting the applicable requirements of this Section 10.01, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such signatory, such condition or covenant has been complied with.

(b) (i) Prior to the deposit of any SAC Bond Collateral or other property or securities with the Indenture Trustee that is to be made the basis for the release of any property or securities subject to the Lien of this Indenture, the Issuer shall, in addition to any obligation imposed in Section 10.01(a) or elsewhere in this Indenture, furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each Person signing such certificate as to the fair value (within ninety (90) days of such deposit) to the Issuer of the SAC Bond Collateral or other property or securities to be so deposited.

(ii) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in Section 10.01(b)(i) above, the Issuer shall also deliver to the Indenture Trustee an Independent Certificate as to the same matters, if the fair value to the Issuer of the securities to be so deposited and of all other such securities made the basis of any such

withdrawal or release since the commencement of the then-current fiscal year of the Issuer, as set forth in the certificates delivered pursuant to Section 10.01(b)(i) and this Section 10.01(b)(ii), is ten percent or more of the Outstanding Amount of the SAC Bonds, but such a certificate need not be furnished with respect to any securities so deposited, if the fair value thereof to the Issuer as set forth in the related Officer's Certificate is less than the lesser of (A) $25,000 or (B) one percent of the Outstanding Amount of the SAC Bonds.

(iii) Whenever any property or securities are to be released from the Lien of this Indenture other than pursuant to Section 8.02(e), the Issuer shall also furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each Person signing such certificate as to the fair value (within ninety (90) days of such release) of the property or securities proposed to be released and stating that in the opinion of such Person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(iv) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signatory thereof as to the matters described in Section 10.01(b)(iii) above, the Issuer shall also furnish to the Indenture Trustee an Independent Certificate as to the same matters if the fair value of the property or securities with respect thereto, or securities released from the Lien of this Indenture (other than pursuant to Section 8.02(e)) since the commencement of the then-current calendar year, as set forth in the certificates required by Section 10.01(b)(iii) and this Section 10.01(b)(iv), equals ten (10) percent or more of the Outstanding Amount of the SAC Bonds, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer's Certificate is less than the lesser of (A) $25,000 or (B) one percent of the then Outstanding Amount of the SAC Bonds.

(v) Notwithstanding any other provision of this Section 10.01, the Indenture Trustee may (A) collect, liquidate, sell or otherwise dispose of the SAC Property and the other SAC Bond Collateral as and to the extent permitted or required by the Basic Documents and (B) make cash payments out of the Collection Account as and to the extent permitted or required by the Basic Documents.

SECTION 10.02. Form of Documents Delivered to Indenture Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of a Responsible Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such Responsible Officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters (including financial and capital markets), upon a certificate or opinion of, or representations by, an officer or officers of the Servicer or the Issuer and other documents necessary and advisable in the judgment of counsel delivering such Opinion of Counsel.

Whenever in this Indenture, in connection with any application or certificate or report to the Indenture Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Indenture Trustee's right to rely conclusively upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 10.03. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing, and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 10.03.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner that the Indenture Trustee deems sufficient.

(c) The ownership of SAC Bonds shall be proved by the SAC Bond Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any SAC Bonds shall bind the Holder of every SAC Bond issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such SAC Bond.

SECTION 10.04. Notices, etc., to Indenture Trustee, Issuer and Rating Agencies.

(a) Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other documents provided or permitted by this Indenture to be made upon, given or furnished to or filed with:

(i) the Indenture Trustee by any Holder or by the Issuer shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing by email or other electronic transmission, first-class mail or overnight delivery service to or with the Indenture Trustee at the Corporate Trust Office,

(ii) the Issuer by the Indenture Trustee or by any Holder shall be sufficient for every purpose hereunder if in writing by email or other electronic transmission, first-class mail or overnight delivery service, to the Issuer addressed to: Appalachian Power Recovery Funding LLC at 1051 East Cary St., Suite 1100, Richmond, Virginia 23219, Attention: Managers, Telephone: (614) 716-1000, Email: Treasury_Operations_AEP@aep.com, or at any other address previously furnished in writing to the Indenture Trustee by the Issuer. The Issuer shall promptly transmit any notice received by it from the Holders to the Indenture Trustee, or

(iii) the Commission by the Seller, the Issuer or the Indenture Trustee shall be sufficient for every purpose hereunder if in writing by email or other electronic transmission, first-class mail or overnight delivery service, to: to State Corporation Commission of the Commonwealth of Virginia, 1300 East Main Street, 10th Floor, Tyler Building, Richmond, Virginia 23219, Telephone: (804) 371-9733, Email: sccefile@scc.virginia.gov;

(b) Notices required to be given to the Rating Agencies by the Issuer or the Indenture Trustee shall be in writing, email or other electronic transmission, personally delivered or mailed by certified mail, return receipt requested to:

(i) in the case of Moody's, to: Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 24th Floor, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Email: ServicerReports@moodys.com (all such notices to be delivered to Moody's in writing by email), and solely for purposes of Rating Agency Condition communications: abscormonitoring@moodys.com;

(ii) in the case of Standard & Poor's, to: Standard & Poor's Ratings Group, Inc., Structured Credit Surveillance, 55 Water Street, New York, New York 10041, Telephone: (212) 438-8991, Email: servicer_reports@spglobal.com (all such notices to be delivered to Standard & Poor's in writing by email); and

(iii) as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

Any notice, report or other communication given hereunder may be in writing and addressed as follows or to the extent receipt is confirmed telephonically sent by Electronic Means to the address provided above.

SECTION 10.05. Notices to Holders; Waiver. Where this Indenture provides for notice to the Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class, postage prepaid, or otherwise delivered in accordance with DTC's procedures, to each Holder affected by such event, at such Holder's address as it appears on the SAC Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Holder shall affect the sufficiency of such notice with respect to other Holders, and any notice that is mailed in the manner herein provided shall conclusively be presumed to have been duly given.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by the Holders shall be filed with the Indenture Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event of the Holders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Indenture Trustee shall be deemed to be a sufficient giving of such notice.

Where this Indenture provides for notice to the Rating Agencies, failure to give such notice shall not affect any other rights or obligations created hereunder, and shall not under any circumstance constitute a Default or Event of Default.

SECTION 10.06. Rule 17g-5 Compliance.

(a) The Indenture Trustee agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Indenture Trustee to any Rating Agency under this Indenture or any other Basic Document to which it is a party for the purpose of determining or confirming the credit rating of the SAC Bonds or undertaking credit rating surveillance of the SAC Bonds shall be provided, substantially concurrently, to the Servicer for posting on a password-protected website (the "17g-5 Website"). The Servicer shall be responsible for posting all of the information on the 17g-5 Website.

(b) The Indenture Trustee will not be responsible for creating or maintaining the 17g-5 Website, posting any information to the 17g-5 Website or assuring that the 17g-5 Website complies with the requirements of this Indenture, Rule 17g-5 or any other law or regulation. In no event shall the Indenture Trustee be deemed to make any representation in respect of the content of the 17g-5 Website or compliance by the 17g-5 Website with this Indenture, Rule 17g-5 or any other law or regulation. The Indenture Trustee shall have no obligation to engage in or respond to any oral communications with respect to the transactions contemplated hereby, any transaction documents relating hereto or in any way relating to the SAC Bonds or for the purposes of determining the initial credit rating of the SAC Bonds or undertaking credit rating surveillance of the SAC Bonds with any Rating Agency or any of its respective officers, directors or employees.

The Indenture Trustee shall not be responsible or liable for the dissemination of any identification numbers or passwords for the 17g-5 Website, including by the Servicer, the Rating Agencies, a nationally recognized statistical rating organization ("NRSRO"), any of their respective agents or any other party. Additionally, the Indenture Trustee shall not be liable for the use of the information posted on the 17g-5 Website, whether by the Servicer, the Rating Agencies, an NRSRO or any other third party that may gain access to the 17g-5 Website or the information posted thereon.

SECTION 10.07. Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof that is required to be included in this Indenture by any of the provisions of the TIA, such required provision shall control.

The provisions of TIA §§ 310 through 317 that impose duties on any Person (including the provisions automatically deemed included herein unless expressly excluded by this Indenture) are a part of and govern this Indenture, whether or not physically contained herein.

SECTION 10.08. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 10.09. Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. The Issuer, the Indenture Trustee and the Securities Intermediary agree that this Indenture may be electronically signed, that any digital or electronic signatures (including pdf, facsimile or electronically imaged signatures provided by DocuSign or any other digital signature provider as specified in writing to the Indenture Trustee) appearing on this Indenture are the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and that delivery of any such electronic signature to, or a signed copy of, this Indenture may be made by facsimile, email or other electronic transmission.

SECTION 10.10. Successors and Assigns. All covenants and agreements in this Indenture and the SAC Bonds by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Indenture Trustee in this Indenture shall bind its successors.

SECTION 10.11. Severability. Any provision in this Indenture or in the SAC Bonds that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10.12. Benefits of Indenture. Nothing in this Indenture or in the SAC Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Holders, and any other party secured hereunder, and any other Person with an ownership interest in any part of the SAC Bond Collateral, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 10.13. Legal Holidays. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provisions of the SAC Bonds or this Indenture) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

SECTION 10.14. GOVERNING LAW. THIS INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND SECTIONS 9-301 THROUGH 9-306 OF THE NY UCC), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS; PROVIDED THAT THE CREATION, ATTACHMENT AND PERFECTION OF ANY LIENS CREATED HEREUNDER IN SAC PROPERTY, AND ALL RIGHTS AND REMEDIES OF THE INDENTURE TRUSTEE, THE SECURITIES INTERMEDIARY AND THE HOLDERS WITH RESPECT TO THE SAC PROPERTY, SHALL BE GOVERNED BY THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

SECTION 10.15. Recording of Indenture. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel at the Issuer's cost and expense (which may be counsel to the Indenture Trustee or any other counsel reasonably acceptable to the Indenture Trustee or, if requested by the Indenture Trustee external counsel of the Issuer) to the effect that such recording is necessary either for the protection of the Holders or any other Person secured hereunder or for the enforcement of any right or remedy granted to the Indenture Trustee under this Indenture. For the avoidance of doubt, the Indenture Trustee shall not be responsible or liable for recording this Indenture.

SECTION 10.16. Issuer Obligation. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the SAC Bonds or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (a) the Issuer, other than from the SAC Bond Collateral as specified in Section 10.17 below, (b) any owner of a membership interest in the Issuer (including APCo) or (c) any shareholder, partner, owner, beneficiary, agent, officer, director or employee of the Indenture Trustee, the Managers or any owner of a membership interest in the Issuer (including APCo) in its respective individual capacity, or of any successor or assign of any of them in their respective individual or corporate capacities, except as any such Person may have expressly agreed in writing. Each Holder by accepting a SAC Bond specifically confirms the nonrecourse nature of these obligations, and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the SAC Bonds.

SECTION 10.17. No Recourse to Issuer. Notwithstanding any provision of this Indenture or the Series Supplement to the contrary, the Holders shall look only to the SAC Bond Collateral with respect to any amounts due to the Holders hereunder and under the SAC Bonds and, in the event such SAC Bond Collateral is insufficient to pay in full the amounts owed on the SAC Bonds, shall have no recourse against the Issuer in respect of such insufficiency. Each Holder by accepting a SAC Bond specifically confirms the nonrecourse nature of these obligations, and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the SAC Bonds.

SECTION 10.18. Basic Documents. The Indenture Trustee is hereby authorized to execute and deliver the Intercreditor Agreement (or joinder thereto, as applicable) and the Servicing Agreement and to execute and deliver any other Basic Document which it is requested to acknowledge and, upon receipt of an Issuer Request, to modify the Intercreditor Agreement in order to add as parties thereto any other trustees for holders of "securitized asset cost bonds" (as defined in the Securitization Law) issued by Affiliates of APCo so long as such modification, as evidenced by an Officer's Certificate delivered to the Indenture Trustee, does not materially and adversely affect any Holder's rights in and to any Tranche of SAC Bonds, or otherwise hereunder. Such request, if requested by the Indenture Trustee, shall be accompanied by an Opinion of Counsel of external counsel of the Issuer, upon which the Indenture Trustee may rely conclusively with no duty of independent investigation or inquiry, to the effect that all conditions precedent for an amendment to the Intercreditor Agreement have been satisfied. The Intercreditor Agreement shall be binding on the Holders.

SECTION 10.19. No Petition. The Indenture Trustee, by entering into this Indenture, and each Holder, by accepting a SAC Bond (or interest therein) issued hereunder, hereby covenant and agree that they shall not, prior to the date which is one year and one day after the termination of this Indenture, acquiesce, petition or otherwise invoke or cause the Issuer or any Manager to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Issuer under any bankruptcy or insolvency law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of its respective property, or ordering the dissolution, winding up or liquidation of the affairs of the Issuer. Nothing in this paragraph shall preclude, or be deemed to estop, such Holder or the Indenture Trustee (a) from taking or omitting to take any action prior to such date in (i) any case or Proceeding voluntarily filed or commenced by or on behalf of the Issuer under or pursuant to any such law or (ii) any involuntary case or Proceeding pertaining to the Issuer which is filed or commenced by or on behalf of a Person other than such Holder and is not joined in by such Holder (or any Person to which such Holder shall have assigned, transferred or otherwise conveyed any part of the obligations of the Issuer hereunder) under or pursuant to any such law, or (b) from commencing or prosecuting any legal action which is not an involuntary case or Proceeding under or pursuant to any such law against the Issuer or any of its properties.

SECTION 10.20. Securities Intermediary. The Securities Intermediary, in acting under this Indenture, is entitled to all rights, benefits, protections, immunities and indemnities accorded to U.S. Bank Trust Company, National Association, a national banking association, in its capacity as Indenture Trustee under this Indenture; provided that the Securities Intermediary shall comply with its obligations hereunder, including Section 8.02(b).

SECTION 10.21. Submission to Non-Exclusive Jurisdiction; Waiver of Jury Trial. Each of the Issuer and the Indenture Trustee and each Holder (by its acceptance of the SAC Bonds) hereby irrevocably submits to the non-exclusive jurisdiction of any New York State court sitting in The Borough of Manhattan in The City of New York or any U.S. federal court sitting in The Borough of Manhattan in The City of New York in respect of any suit, action or Proceeding arising out of or relating to this Indenture and the SAC Bonds and irrevocably accepts for itself and in

respect of its respective property, generally and unconditionally, jurisdiction of the aforesaid courts. EACH OF THE ISSUER, THE INDENTURE TRUSTEE, THE SECURITIES INTERMEDIARY AND EACH HOLDER (BY ITS ACCEPTANCE OF THE SAC BONDS) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT THAT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, TRIAL BY JURY.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the Issuer, the Indenture Trustee and the Securities Intermediary have caused this Indenture to be duly executed by their respective officers thereunto duly authorized and duly attested, all as of the day and year first above written.

APPALACHIAN POWER RECOVERY FUNDING LLC, as Issuer

By: _____
Name:
Title:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Indenture Trustee

By: _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION,
as Securities Intermediary

By: _____
Name:
Title:

EXHIBIT A

FORM OF SAC BOND

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO THE NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

REGISTERED No._____ $_____

SEE REVERSE FOR CERTAIN DEFINITIONS

CUSIP NO.

THE PRINCIPAL OF THIS SERIES 2026-A SENIOR SECURED SAC BOND, TRANCHE ┼ - ┼ ("THIS TRANCHE ┼ - ┼ SAC BOND"), WILL BE PAID IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS TRANCHE ┼ - ┼ SAC BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. THE HOLDER OF THIS SAC BOND HAS NO RECOURSE TO THE ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE SAC BOND COLLATERAL, AS DESCRIBED IN THE INDENTURE, FOR PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE ISSUER OF THIS TRANCHE ┼ - ┼ SAC BOND UNDER THE TERMS OF THE INDENTURE WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN SECTION 3.11(b) OR ARTICLE IV OF THE INDENTURE. THE HOLDER OF THIS TRANCHE ┼ -┼ SAC BOND HEREBY COVENANTS AND AGREES THAT PRIOR TO THE DATE WHICH IS ONE (1) YEAR AND ONE (1) DAY AFTER THE PAYMENT IN FULL OF THE TRANCHE ┼ - ┼ SAC BONDS, IT WILL NOT INSTITUTE AGAINST, OR JOIN ANY OTHER PERSON IN INSTITUTING AGAINST, THE ISSUER ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDINGS OR OTHER SIMILAR PROCEEDING UNDER THE LAWS

OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES. NOTHING IN THIS PARAGRAPH SHALL PRECLUDE, OR BE DEEMED TO ESTOP, SUCH HOLDER (A) FROM TAKING OR OMITTING TO TAKE ANY ACTION PRIOR TO SUCH DATE IN (I) ANY CASE OR PROCEEDING VOLUNTARILY FILED OR COMMENCED BY OR ON BEHALF OF THE ISSUER UNDER OR PURSUANT TO ANY SUCH LAW OR (II) ANY INVOLUNTARY CASE OR PROCEEDING PERTAINING TO THE ISSUER WHICH IS FILED OR COMMENCED BY OR ON BEHALF OF A PERSON OTHER THAN SUCH HOLDER AND IS NOT JOINED IN BY SUCH HOLDER (OR ANY PERSON TO WHICH SUCH HOLDER SHALL HAVE ASSIGNED, TRANSFERRED OR OTHERWISE CONVEYED ANY PART OF THE OBLIGATIONS OF THE ISSUER HEREUNDER) UNDER OR PURSUANT TO ANY SUCH LAW, OR (B) FROM COMMENCING OR PROSECUTING ANY LEGAL ACTION WHICH IS NOT AN INVOLUNTARY CASE OR PROCEEDING UNDER OR PURSUANT TO ANY SUCH LAW AGAINST THE ISSUER OR ANY OF ITS PROPERTIES. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST ON, THIS BOND.

APPALACHIAN POWER RECOVERY FUNDING LLC
SERIES 2026-A SENIOR SECURED SAC BONDS,
TRANCHE ǂ - ǂ.

INTEREST RATE	ORIGINAL PRINCIPAL AMOUNT	FINAL MATURITY DATE

Appalachian Power Recovery Funding LLC, a limited liability company created under the laws of the State of Delaware (herein referred to as the "Issuer"), for value received, hereby promises to pay to ǂ ǂ, or registered assigns, the Original Principal Amount shown above ǂin semi-annual installmentsǂ on the Payment Dates and in the amounts specified on the reverse hereof or, if less, the amounts determined pursuant to Section 8.02 of the Indenture, in each year, commencing on the date determined as provided on the reverse hereof and ending on or before the Final Maturity Date shown above and to pay interest, at the Bond Interest Rate shown above, on each _____ and _____ or if any such day is not a Business Day, the next succeeding Business Day, commencing on ǂ ǂ and continuing until the earlier of the payment in full of the principal hereof and the Final Maturity Date (each a "Payment Date"), on the principal amount of this Tranche ǂ - ǂ SAC Bond (hereinafter referred to as this "Tranche ǂ - ǂ SAC Bond"). Interest on this Tranche ǂ - ǂ SAC Bond will accrue for each Payment Date from the most recent Payment Date on which interest has been paid to but excluding such Payment Date or, if no interest has yet been paid, from the date of issuance. Interest will be computed on the basis of ǂspecify method of computationǂ. Such principal of and interest on this Tranche ǂ - ǂ SAC Bond shall be paid in the manner specified on the reverse hereof.

The principal of and interest on this Tranche ┼ - ┼ SAC Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Tranche ┼ - ┼ SAC Bond shall be applied first to interest due and payable on this Tranche ┼ - ┼ SAC Bond as provided above and then to the unpaid principal of and premium, if any, on this Tranche ┼ - ┼ SAC Bond, all in the manner set forth in the Indenture.

Reference is made to the further provisions of this Tranche ┼ - ┼ SAC Bond set forth on the reverse hereof, which shall have the same effect as though fully set forth on the face of this Tranche ┼ - ┼ SAC Bond.

Unless the certificate of authentication hereon has been executed by the Indenture Trustee whose name appears below by manual, electronic or facsimile signature, this Tranche ┼ - ┼ SAC Bond shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually, electronically or in facsimile, by its Responsible Officer.

Date:

APPALACHIAN POWER RECOVERY FUNDING LLC

By: _____
Name:
Title:

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: _____ ___, ____

This is one of the Tranche ┼ - ┼ SAC Bonds, designated above and referred to in the within-mentioned Indenture.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Indenture Trustee

By: _____
Name:
Title:

REVERSE OF SAC BOND* [2]

This Tranche ┼ - ┼ SAC Bond is one of a duly authorized issue of SAC Bonds of the Issuer (herein called the "SAC Bonds"), issued and which SAC Bonds are issuable in one or more Tranches, and the SAC Bonds consists of ┼ ┼ Tranches, including this Tranche ┼ - ┼ SAC Bond (herein called the "Tranche ┼ - ┼ SAC Bonds"), all issued and to be issued under that certain Indenture dated as of [●], 2026, (as supplemented by the Series Supplement (as defined below), the "Indenture"), by and among the Issuer, U.S. Bank Trust Company, National Association, a national banking association, not in its individual capacity but solely in its capacity as indenture trustee (the "Indenture Trustee", which term includes any successor indenture trustee under the Indenture), and U.S. Bank National Association, a national banking association, not in its individual capacity but solely in its capacity as securities intermediary and account bank (the "Securities Intermediary", which term includes any successor securities intermediary under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Indenture Trustee and the Holders of the SAC Bonds. For purposes herein, "Series Supplement" means that certain Series Supplement dated as of **[_____] [__]**, 2026, among the Issuer, the Indenture Trustee and the Securities Intermediary. All terms used in this Tranche ┼ - ┼ SAC Bond that are defined in the Indenture, as amended, restated, supplemented or otherwise modified from time to time, shall have the meanings assigned to such terms in the Indenture.

The Tranche ┼ - ┼ SAC Bonds, the other Tranches of SAC Bonds (all of such Tranches being referred to herein as "SAC Bonds") are and will be equally and ratably secured by the SAC Bond Collateral pledged as security therefor as provided in the Indenture.

The principal of this Tranche ┼ - ┼ SAC Bond shall be payable on each Payment Date only to the extent that amounts in the Collection Account are available therefor, and only until the outstanding principal balance thereof on the preceding Payment Date (after giving effect to all payments of principal, if any, made on the preceding Payment Date) has been reduced to the principal balance specified in the Expected Sinking Fund Schedule which is attached to the Series Supplement as Schedule A, unless payable earlier because an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders representing not less than a majority of the Outstanding Amount of the SAC Bonds have declared the SAC Bonds to be immediately due and payable in accordance with Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). However, actual principal payments may be made in lesser than expected amounts and at later than expected times as determined pursuant to Section 8.02 of the Indenture. The entire unpaid principal amount of this Tranche ┼ - ┼ SAC Bond shall be due and payable on the Final Maturity Date hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the SAC Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders of the SAC Bonds representing not less than a majority of the Outstanding Amount of the SAC Bonds have declared

* The form of the reverse of a SAC Bond is substantially as follows, unless otherwise specified in the Series Supplement.

the SAC Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). All principal payments on the Tranche ┼ - ┼ SAC Bonds shall be made pro rata to the Tranche ┼ - ┼ Holders entitled thereto based on the respective principal amounts of the Tranche ┼ - ┼ SAC Bonds held by them.

Payments of interest on this Tranche ┼ - ┼ SAC Bond due and payable on each Payment Date, together with the installment of principal or premium, if any, shall be made by wire transfer to an account maintained by the Person whose name appears as the Registered Holder of this Tranche ┼ - ┼ SAC Bond (or one or more Predecessor SAC Bonds) on the SAC Bond Register as of the close of business on the Record Date or in such other manner as may be provided in the Indenture or the Series Supplement, except that if this Tranche ┼ - ┼ SAC Bond is held in Book-Entry Form, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global SAC Bond evidencing this Tranche ┼ - ┼ SAC Bond unless and until such Global SAC Bond is exchanged for Definitive SAC Bonds (in which event payments shall be made as provided above), and except for the final installment of principal and premium, if any, payable with respect to this Tranche ┼ - ┼ SAC Bond on a Payment Date which shall be payable as provided below. Any reduction in the principal amount of this Tranche ┼ - ┼ SAC Bond (or any one or more Predecessor SAC Bonds) effected by any payments made on any Payment Date shall be binding upon all future Holders of this Tranche ┼ - ┼ SAC Bond and of any SAC Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon. If funds are expected to be available, as provided in the Indenture, for payment in full of the then remaining unpaid principal amount of this Tranche ┼ - ┼ SAC Bond on a Payment Date, then the Indenture Trustee, in the name of and on behalf of the Issuer, will notify the Person who was the Registered Holder hereof as of the Record Date preceding such Payment Date by notice sent no later than five (5) days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of this Tranche ┼ - ┼ SAC Bond and shall specify the place where this Tranche ┼ - ┼ SAC Bond may be presented and surrendered for payment of such installment.

The Issuer shall pay interest on overdue installments of interest at the Bond Interest Rate to the extent lawful.

This SAC Bond is a "securitized asset cost bond" as such term is defined in the Securitization Law. Principal and interest due and payable on this SAC Bond are payable from and secured primarily by SAC Property created and established by the Financing Order obtained from the State Corporation Commission of the Commonwealth of Virginia pursuant to the Securitization Law. SAC Property consists of the rights and interests of the Seller in the relevant Financing Order, including the right to impose, collect and recover certain charges (defined in the Securitization Law as "securitized asset cost charge"), to be included as a separate line item in regular electric utility bills of all existing and future Virginia electric service customers within the service territory of APCo, a Virginia electric utility, or its successors or assigns, as more fully described in the Financing Order.

The Securitization Law provides that the Commonwealth of Virginia and its agencies, including the Commission, has pledged pursuant to Section 56-249.8:K. of the Securitization Law that it will not take any action to: (i) alter the provisions of the Securitization Law that authorize the Commission to create an irrevocable contract right or chose in action by the issuance of the Financing Order, to create securitized asset cost property in the form of SAC Property, and to make the securitized asset cost charges imposed by the Financing Order in the form of the SAC Charges irrevocable, binding, or non-bypassable charges; (ii) take or permit any action that impairs or would impair the value of the SAC Property or the security for the SAC Bonds or revises the Securitized Asset Costs for which recovery is authorized; (iii) in any way impair the rights and remedies of the Bondholders, assignees, and other financing parties related thereto; or (iv) except as permitted as permitted by Section 56-249.8:K.1.d. of the Securitization Law, reduce, alter, or impair SAC Charges that are to be imposed, billed, charged, collected, and remitted for the benefit of such Bondholders, assignees, and financing parties until any and all principal, interest, premium, financing costs and other fees, expenses, or charges incurred, and any contracts to be performed, in connection with the related SAC Bonds have been paid and performed in full.

The Issuer and APCo hereby acknowledge that the purchase of this SAC Bond by the Holder hereof or the purchase of any beneficial interest herein by any Person are made in reliance on the foregoing pledge.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Tranche ǂ - ǂ SAC Bond may be registered on the SAC Bond Register upon surrender of this Tranche ǂ - ǂ SAC Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by (a) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by an institution which is a member of one of the following recognized signature guarantee programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) in such other signature guarantee program acceptable to the Indenture Trustee, and (b) such other documents as the Indenture Trustee may require, and thereupon one or more new Tranche ǂ - ǂ SAC Bonds of Minimum Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Tranche ǂ - ǂ SAC Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange, other than exchanges pursuant to Sections 2.04 or 2.06 of the Indenture not involving any transfer.

Each Holder, by acceptance of a SAC Bond, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the SAC Bonds or under the Indenture or any certificate or other writing delivered in connection therewith, against (i) any owner of a membership interest in the Issuer (including APCo) or (ii) any shareholder, partner, owner, beneficiary, agent, officer or employee of the Indenture Trustee, the Managers or any owner of a membership interest in the Issuer (including APCo) in its respective individual or corporate capacities, or of any successor or assign of any of them in their individual or corporate capacities, except as any such Person may have expressly agreed in writing. Each Holder by accepting a SAC Bond specifically confirms the nonrecourse nature of these obligations, and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the SAC Bonds.

Prior to the due presentment for registration of transfer of this Tranche ┼ - ┼ SAC Bond, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Tranche ┼ - ┼ SAC Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and premium, if any, and interest on this Tranche ┼ - ┼ SAC Bond and for all other purposes whatsoever, whether or not this Tranche ┼ - ┼ SAC Bond be overdue, and neither the Issuer, the Indenture Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the SAC Bonds under the Indenture at any time by the Issuer with the written consent of the Holders representing not less than a majority of the Outstanding Amount of all SAC Bonds at the time outstanding and upon the satisfaction of the Rating Agency Condition (if applicable) of each Tranche to be affected. The Indenture also contains provisions permitting the Holders representing specified percentages of the Outstanding Amount of the SAC Bonds, on behalf of the Holders of all the SAC Bonds, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Tranche ┼ - ┼ SAC Bond (or any one of more Predecessor SAC Bonds) shall be conclusive and binding upon such Holder and upon all future Holders of this Tranche ┼ - ┼ SAC Bond and of any SAC Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Tranche ┼ - ┼ SAC Bond. The Indenture also permits the Indenture Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of Holders of the SAC Bonds issued thereunder.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Issuer on this Tranche ┼ - ┼ SAC Bond and (b) certain restrictive covenants and the related Events of Default, upon compliance by the Issuer with certain conditions set forth herein, which provisions apply to this Tranche ┼ - ┼ SAC Bond.

The term “Issuer” as used in this Tranche ┼ - ┼ SAC Bond includes any successor to the Issuer under the Indenture.

The Issuer is permitted by the Indenture, under certain circumstances, to merge or consolidate, subject to the rights of the Indenture Trustee and the Holders under the Indenture.

The Tranche ┼ - ┼ SAC Bonds are issuable only in registered form in denominations as provided in the Indenture and the Series Supplement subject to certain limitations therein set forth.

THIS TRANCHE ǂ - ǂ SAC BOND, THE INDENTURE AND THE SERIES SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND SECTIONS 9-301 THROUGH 9-306 OF THE NY UCC), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS; PROVIDED THAT THE CREATION, ATTACHMENT AND PERFECTION OF ANY LIENS CREATED UNDER THE INDENTURE AND THE SERIES SUPPLEMENT IN SAC PROPERTY, AND ALL RIGHTS AND REMEDIES OF THE INDENTURE TRUSTEE, THE SECURITIES INTERMEDIARY AND THE HOLDERS WITH RESPECT TO THE SAC PROPERTY, SHALL BE GOVERNED BY THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

No reference herein to the Indenture and no provision of this Tranche ǂ - ǂ SAC Bond or of the Indenture shall alter or impair the obligation, which is absolute and unconditional, to pay the principal of and interest on this Tranche ǂ - ǂ SAC Bond at the times, place, and rate, and in the coin or currency herein prescribed.

The Issuer and the Indenture Trustee, by entering into the Indenture, and the Holders and any Persons holding a beneficial interest in any Tranche ǂ - ǂ SAC Bond, by acquiring any Tranche ǂ - ǂ SAC Bond or interest therein, (i) express their intention that, solely for the purpose of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for the purpose of state, local and other taxes, the Tranche ǂ - ǂ SAC Bonds qualify under applicable tax law as indebtedness of the sole owner of the Issuer secured by the SAC Bond Collateral and (ii) solely for purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the Tranche ǂ - ǂ SAC Bonds are outstanding, agree to treat the Tranche ǂ - ǂ SAC Bonds as indebtedness of the sole owner of the Issuer secured by the SAC Bond Collateral unless otherwise required by appropriate taxing authorities.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Tranche ┼ - ┼ SAC Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	as tenants in common
TEN ENT	as tenants by the entireties
JT TEN	as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MIN ACT	_____ Custodian _____ (Custodian) (minor) Under Uniform Gifts to Minor Act (_____) (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee _____

FOR VALUE RECEIVED, the undersigned[3] hereby sells, assigns and transfers unto

(name and address of assignee)

the within Tranche † - † SAC Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer said Tranche † - † SAC Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

_____

[3] SAC BOND: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Tranche † - † SAC Bond in every particular, without alteration, enlargement or any change whatsoever.

NOTE: Signature(s) must be guaranteed by an institution which is a member of one of the following recognized signature guaranty programs: (i) The Securities Transfer Agent Medallion Program (STAMP), (ii) The New York Stock Exchange Medallion Program (MSP), (iii) the Stock Exchange Medallion Program (SEMP) or (iv) such other signature guarantee program acceptable to the Indenture Trustee.

EXHIBIT B

FORM OF SERIES SUPPLEMENT

This SERIES SUPPLEMENT dated as of [_____] [_], 2026 (this "Supplement"), by and between Appalachian Power Recovery Funding LLC, a limited liability company created under the laws of the State of Delaware (the "Issuer"), U.S. Bank Trust Company, National Association, a national banking association ("Bank"), not in its individual capacity, but solely in its capacity as indenture trustee (the "Indenture Trustee"), and U.S. Bank National Association, a national banking association, not in its individual capacity, but solely in its capacity as securities intermediary and account bank (the "Securities Intermediary"), for the benefit of the Secured Parties under the Indenture dated as of [•], 2026 (the "Indenture"), by and among the Issuer, the Indenture Trustee and the Securities Intermediary.

PRELIMINARY STATEMENT

Section 9.01 of the Indenture provides, among other things, that the Issuer and the Indenture Trustee may at any time enter into an indenture supplemental to the Indenture for the purposes of authorizing the issuance by the Issuer of the SAC Bonds and specifying the terms thereof. The Issuer has duly authorized the creation of the SAC Bonds with an initial aggregate principal amount of $ ǂǂ to be known as Appalachian Power Recovery Funding LLC Series 2026-A Senior Secured SAC Bonds (the "SAC Bonds"), and the Issuer and the Indenture Trustee are executing and delivering this Supplement in order to provide for the SAC Bonds.

All terms used in this Supplement that are defined in the Indenture, either directly or by reference therein, have the meanings assigned to them therein, except to the extent such terms are defined or modified in this Supplement or the context clearly requires otherwise. In the event that any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Indenture, the terms and provisions of this Supplement shall govern.

GRANTING CLAUSE

With respect to the SAC Bonds, the Issuer hereby Grants to the Indenture Trustee, as Indenture Trustee for the benefit of the Secured Parties of the SAC Bonds, all of the Issuer's right, title and interest (whether now owned or hereafter acquired or arising) in and to the following (the "SAC Bond Collateral"):

(a) the SAC Property created under and pursuant to the Securitization Law and Financing Order, and transferred by the Seller to the Issuer on the date hereof pursuant to the Sale Agreement (including, to the fullest extent permitted by applicable law, the right to impose, bill, charge, collect and receive SAC Charges, the right to obtain periodic adjustments to the SAC Charges, and all revenues, receipts, collections, rights to payment, payments, moneys, claims or other proceeds arising from the rights and interests created under the Financing Order);

(b) all SAC Charges related to the SAC Property;

(c) the Sale Agreement and the Bill of Sale executed in connection therewith and all property and interests in property transferred under the Sale Agreement and the Bill of Sale with respect to the SAC Property and the SAC Bonds;

(d) the Servicing Agreement, the Intercreditor Agreement and Intercreditor Joinder, the Administration Agreement and any subservicing, agency, other intercreditor, administration or collection agreements executed in connection therewith, to the extent related to the SAC Property and the SAC Bonds;

(e) the Collection Account, all subaccounts thereof and all amounts of cash, instruments, investment property or other assets on deposit therein or credited thereto from time to time and all Financial Assets and Securities Entitlements carried therein or credited thereto;

(f) all rights to compel the Servicer to file for and obtain periodic adjustments to the SAC Charges or Customer Classes in accordance with, as applicable, the Securitization Law, the Financing Order, the True-Up Adjustment Letter, the Non-Standard True-Up Adjustment Rider and the Securitization Financing Rider and any Securitization Financing Rider Adjustments filed in connection therewith;

(g) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing, whether such claims, demands, causes and choses in action constitute SAC Property, accounts, general intangibles, instruments, contract rights, chattel paper or proceeds of such items or any other form of property;

(h) all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters-of-credit rights, money, commercial tort claims and supporting obligations related to the foregoing; and

(i) all payments on or under, and all proceeds in respect of, any or all of the foregoing;

provided that none of the following shall constitute any part of the SAC Bond Collateral:

(x) cash that has been released pursuant to Section 8.02(e)(xi) of the Indenture and, following retirement of all Outstanding SAC Bonds, cash that has been released pursuant to Section 8.02(e)(xiii) of the Indenture;

(y) amounts deposited with the Issuer on the Closing Date, for payment of costs of issuance with respect to the SAC Bonds (together with any interest earnings thereon); or

(z) proceeds from the sale of the SAC Bonds required to pay (A) the purchase price for the SAC Property and paid pursuant to the Sale Agreement or (B) up-front Financing Costs;

it being understood that such amounts described in clauses (x), (y) and (z) above shall not be subject to Section 3.17 of the Indenture.

The foregoing Grant is made in trust to secure the payment of principal of and premium, if any, interest on, and any other amounts owing in respect of, the SAC Bonds and all fees, expenses, counsel fees and other amounts due and payable to the Indenture Trustee equally and ratably without prejudice, priority or distinction, except as expressly provided in the Indenture, to secure compliance with the provisions of the Indenture with respect to the SAC Bonds, all as provided in the Indenture and to secure the performance by the Issuer of all of its obligations under the Indenture (collectively, the "Secured Obligations"). The Indenture and this Series Supplement constitute a security agreement within the meaning of the Securitization Law and under the UCC to the extent that the provisions of the UCC are applicable hereto.

The Indenture Trustee, as indenture trustee on behalf of the Secured Parties of the SAC Bonds, acknowledges such Grant and accepts the trusts under this Supplement and the Indenture in accordance with the provisions of this Supplement and the Indenture.

SECTION 1. Designation. The SAC Bonds shall be designated generally as the SAC Bonds, and further denominated as Tranches † † through † †.

SECTION 2. Initial Principal Amount; Bond Interest Rate; Scheduled Payment Date; Final Maturity Date. The SAC Bonds of each Tranche shall have the initial principal amount, bear interest at the rates per annum (the "Bond Interest Rate") and shall have the Scheduled Final Payment Dates and the Final Maturity Dates set forth below:

Tranche	Initial Principal Amount	Bond Interest Rate	Scheduled Final Payment Date	Final Maturity Date

The Bond Interest Rate shall be computed by the Issuer on the basis of a 360-day year of twelve 30-day months.

SECTION 3. Authentication Date; Payment Dates; Expected Sinking Fund Schedule for Principal; Periodic Interest; No Premium; Other Terms.

(a) Authentication Date. The SAC Bonds that are authenticated and delivered by the Indenture Trustee to or upon the order of the Issuer on † † (the "Closing Date") shall have as their date of authentication † †.

(b) Payment Dates. The Payment Dates for the SAC Bonds are _____ and _____ of each year or, if any such date is not a Business Day, the next succeeding Business Day, commencing on † † (the "Initial Payment Date") and continuing until the earlier of repayment of the Tranche † † SAC Bonds in full and the Final Maturity Date Tranche † † SAC Bonds.

(c) Expected Sinking Fund Schedule for Principal. Unless an Event of Default shall have occurred and be continuing on each Payment Date, the Indenture Trustee shall distribute to the Holders of record as of the related Record Date amounts payable pursuant to Section 8.02(e) of the Indenture as principal, in the following order and priority: †(1) to the holders of the Tranche A-1 SAC Bonds, until the Outstanding Amount of such Tranche of SAC Bonds thereof has been

reduced to zero; (2) to the holders of the Tranche A-2 SAC Bonds, until the Outstanding Amount of such Tranche of SAC Bonds thereof has been reduced to zero; (3) to the holders of the Tranche A-3 SAC Bonds, until the Outstanding Amount of such Tranche of SAC Bonds thereof has been reduced to zero; and (4) to the holders of the Tranche A-4 SAC Bonds, until the Outstanding Amount of such Tranche of SAC Bonds thereof has been reduced to zero[4] provided, however, that in no event shall a principal payment pursuant to this Section 3(c) on any Tranche on a Payment Date be greater than the amount necessary to reduce the Outstanding Amount of such Tranche of SAC Bonds to the amount specified in the Expected Sinking Fund Schedule which is attached as Schedule A hereto for such Tranche and Payment Date.

(d) Periodic Interest. Periodic Interest will be payable on each Tranche of the SAC Bonds on each Payment Date in an amount equal to one-half of the product of (i) the applicable Bond Interest Rate and (ii) the Outstanding Amount of the related Tranche of SAC Bonds as of the close of business on the preceding Payment Date after giving effect to all payments of principal made to the Holders of the related Tranche of SAC Bonds on such preceding Payment Date; provided, however, that with respect to the Initial Payment Date, or, if no payment has yet been made, interest on the outstanding principal balance will accrue from and including the Closing Date to, but excluding, the following Payment Date.

(e) Book-Entry SAC Bonds. The SAC Bonds shall be Book-Entry SAC Bonds and the applicable provisions of Section 2.11 of the Indenture shall apply to the SAC Bonds.

(f) Waterfall Caps. The amount payable with respect to the SAC Bonds pursuant to Section 8.02(e)(i) shall not exceed $200,000 annually.

SECTION 4. Minimum Denominations. The SAC Bonds shall be issuable in the Minimum Denomination and integral multiples of $1,000 in excess thereof.

SECTION 5. Certain Defined Terms. Article I of the Indenture provides that the meanings of certain defined terms used in the Indenture shall be as defined in Appendix A to the Indenture. Additionally, Article II of the Indenture provides certain terms will have the meanings specified in the related Supplement. With respect to the SAC Bonds, the following definitions shall apply:

"Bond Interest Rate" has the meaning set forth in Section 2 of this Supplement.

"Initial Payment Date" has the meaning set forth in Section 3 of this Supplement.

"Minimum Denomination" shall mean $100,000, or integral multiples of $1,000 in excess thereof, except for one bond of each tranche which may be of a smaller denomination.

"Payment Date" has the meaning set forth in Section 3(b) of this Supplement.

"Periodic Interest" has the meaning set forth in Section 3(d) of this Supplement.

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4 **Note to Draft:** To be updated upon final determination of number of Tranches.

"Closing Date" has the meaning set forth in Section 3(a) of this Supplement.

SECTION 6. Delivery and Payment for the SAC Bonds; Form of the SAC Bonds. The Indenture Trustee shall deliver the SAC Bonds to the Issuer when authenticated in accordance with Section 2.03 of the Indenture. The SAC Bonds of each Tranche shall be in the form of Exhibits ┼A-1 through A-_┼ hereto.

SECTION 7. Ratification of Indenture. As supplemented by this Supplement, the Indenture is in all respects ratified and confirmed and the Indenture, as so supplemented by this Supplement, shall be read, taken, and construed as one and the same instrument. This Supplement amends, modifies and supplements the Indenture only in so far as it relates to the SAC Bonds.

SECTION 8. Counterparts. This Supplement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument. This Supplement may be electronically signed, and any digital or electronic signatures (including pdf, facsimile or electronically imaged signatures provided by DocuSign or any other digital signature provider as specified in writing to the Indenture Trustee) appearing on this Supplement are the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and that delivery of any such electronic signature to, or a signed copy of, this Supplement may be made by facsimile, email or other electronic transmission.

SECTION 9. GOVERNING LAW; JURISDICTION.

(A) GOVERNING LAW. THIS SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND SECTIONS 9-301 THROUGH 9-306 OF THE NY UCC), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS; PROVIDED THAT EXCEPT AS SET FORTH IN SECTION 8.02(B) OF THE INDENTURE, THE CREATION, ATTACHMENT AND PERFECTION OF ANY LIENS CREATED UNDER THE INDENTURE AND THIS SUPPLEMENT IN SAC PROPERTY, AND ALL RIGHTS AND REMEDIES OF THE INDENTURE TRUSTEE, THE SECURITIES INTERMEDIARY AND THE HOLDERS WITH RESPECT TO THE SAC PROPERTY, SHALL BE GOVERNED BY THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

(B) SUBMISSION TO NON-EXCLUSIVE JURISDICTION. EACH OF THE ISSUER AND THE INDENTURE TRUSTEE, THE SECURITIES INTERMEDIARY AND EACH HOLDER (BY ITS ACCEPTANCE OF THE SAC BONDS) HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK OR ANY U.S. FEDERAL COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SUPPLEMENT AND THE SAC BONDS AND IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS RESPECTIVE PROPERTY, GENERALLY AND UNCONDITIONALLY, JURISDICTION OF THE AFORESAID COURTS. EACH OF THE ISSUER, THE INDENTURE TRUSTEE, THE SECURITIES INTERMEDIARY AND EACH HOLDER (BY ITS ACCEPTANCE OF THE SAC BONDS) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT THAT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, TRIAL BY JURY.

SECTION 10. Issuer Obligation. No recourse may be taken directly or indirectly, by the Holders with respect to the obligations of the Issuer on the SAC Bonds, under the Indenture or under this Supplement or any certificate or other writing delivered in connection herewith or therewith, against (i) any owner of a beneficial interest in the Issuer (including APCo) or (ii) any shareholder, partner, owner, beneficiary, agent, officer, director, employee or agent of the Indenture Trustee, the Managers or any owner of a beneficial interest in the Issuer (including APCo) in its individual capacity, or of any successor or assign of any of them in their respective individual or corporate capacities, except as any such Person may have expressly agreed. Each Holder by accepting a SAC Bond specifically confirms the nonrecourse nature of these obligations, and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the SAC Bonds.

SECTION 11. Indenture Trustee and Securities Intermediary. The Indenture Trustee and the Securities Intermediary shall be entitled to the same rights, protections, privileges and indemnities under this Supplement to which they are entitled under the Indenture.

IN WITNESS WHEREOF, the Issuer, the Indenture Trustee and the Securities Intermediary have caused this Supplement to be duly executed by their respective officers thereunto duly authorized as of the date first above written.

APPALACHIAN POWER RECOVERY FUNDING LLC,
as Issuer

By: _____
Name:
Title:

U.S. Bank Trust Company, National Association,
as Indenture Trustee

By: _____
Name:
Title:

U.S. Bank National Association,
as Securities Intermediary

By: _____
Name:
Title:

SCHEDULE A

EXPECTED SINKING FUND SCHEDULE

EXPECTED AMORTIZATION SCHEDULE

OUTSTANDING PRINCIPAL BALANCE

DATE	TRANCHE	TRANCHE	TRANCHE	TRANCHE
Closing Date	$	$	$	$
_____ ___, 200_				
_____ ___, 200_				
_____ ___, 200_				
_____ ___, 200_				

EXHIBIT C

SERVICING CRITERIA TO BE ADDRESSED
BY INDENTURE TRUSTEE IN ASSESSMENT OF COMPLIANCE

Reg AB Reference	Servicing Criteria	Applicable Indenture Trustee Responsibility
	General Servicing Considerations	
1122(d)(1)(i)	Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.	
1122(d)(1)(ii)	If any material servicing activities are outsourced to third parties, policies and procedures are instituted to monitor the third party's performance and compliance with such servicing activities.	
1122(d)(1)(iii)	Any requirements in the transaction agreements to maintain a back-up servicer for the pool assets are maintained.	
1122(d)(1)(iv)	A fidelity bond and errors and omissions policy is in effect on the party participating in the servicing function throughout the reporting period in the amount of coverage required by and otherwise in accordance with the terms of the transaction agreements.	
1122(d)(1)(v)	Aggregation of information, as applicable, is mathematically accurate and the information conveyed accurately reflects the information.	
	Cash Collection and Administration	
1122(d)(2)(i)	Payments on pool assets are deposited into the appropriate custodial bank accounts and related bank clearing accounts no more than two (2) business days following receipt, or such other number of days specified in the transaction agreements.	**X**
1122(d)(2)(ii)	Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.	**X**
1122(d)(2)(iii)	Advances of funds or guarantees regarding collections, cash flows or distributions, and any interest or other fees charged for such advances, are made, reviewed and approved as specified in the transaction agreements.	
1122(d)(2)(iv)	The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of overcollateralization, are separately maintained (e.g., with respect to commingling of cash) as set forth in the transaction agreements.	**X**
1122(d)(2)(v)	Each custodial account is maintained at a federally insured depository institution as set forth in the transaction agreements. For purposes of this criterion, "federally insured depository institution" with respect to a foreign financial institution means a foreign financial institution that meets the requirements of Rule 13k-1(b)(1) of the Securities Exchange Act.	**X**
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.	
1122(d)(2)(vii)	Reconciliations are prepared on a monthly basis for all asset-backed securities related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations (A) are mathematically accurate; (B) are prepared within thirty (30) calendar days after the bank statement cutoff date, or such other number of days specified in the transaction agreements; (C) are reviewed and approved by someone other than the person who prepared the reconciliation; and (D) contain explanations for reconciling items. These reconciling items are resolved within ninety (90) calendar days of their original identification, or such other number of days specified in the transaction agreements.	
	Investor Remittances and Reporting	
1122(d)(3)(i)	Reports to investors, including those to be filed with the SEC maintained in accordance with the transaction agreements and applicable SEC requirements. Specifically, such reports (A) are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) provide information calculated in accordance with the terms specified in the transaction agreements; (C) are filed with the SEC as required by its rules and regulations; and (D) agree with investors' or the trustee's records as to the total unpaid principal balance and number of pool assets serviced by the servicer.	
1122(d)(3)(ii)	Amounts due to investors are allocated and remitted in accordance with timeframes, distribution priority and other terms set forth in the transaction agreements.	**X**

Reg AB Reference	Servicing Criteria	Applicable Indenture Trustee Responsibility
1122(d)(3)(iii)	Disbursements made to an investor are posted within two (2) business days to the servicer's investor records, or such other number of days specified in the transaction agreements.	**X**
1122(d)(3)(iv)	Amounts remitted to investors per the investor reports agree with cancelled checks, or other form of payment, or custodial bank statements.	**X**
	Pool Asset Administration	
1122(d)(4)(i)	Collateral or security on pool assets is maintained as required by the transaction agreements or related pool asset documents.	
1122(d)(4)(ii)	Pool assets and related documents are safeguarded as required by the transaction agreements.	
1122(d)(4)(iii)	Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.	
1122(d)(4)(iv)	Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to the servicer's obligor records maintained no more than two business days after receipt, or such other number of days specified in the transaction agreements, and allocated to principal, interest or other items (e.g., escrow) in accordance with the related pool asset documents.	
1122(d)(4)(v)	The servicer's records regarding the pool assets agree with the servicer's records with respect to an obligor's unpaid principal balance.	
1122(d)(4)(vi)	Changes with respect to the terms or status of an obligor's pool assets (e.g., loan modifications or re-agings) are made, reviewed and approved by authorized personnel in accordance with the transaction agreements and related pool asset documents.	
1122(d)(4)(vii)	Loss mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) are initiated, conducted and concluded in accordance with the timeframes or other requirements established by the transaction agreements.	
1122(d)(4)(viii)	Records documenting collection efforts are maintained during the period a pool asset is delinquent in accordance with the transaction agreements. Such records are maintained on at least a monthly basis, or such other period specified in the transaction agreements, and describe the entity's activities in monitoring delinquent pool assets including, for example, phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).	
1122(d)(4)(ix)	Adjustments to interest rates or rates of return for pool assets with variable rates are computed based on the related pool asset documents.	
1122(d)(4)(x)	Regarding any funds held in trust for an obligor (such as escrow accounts): (A) such funds are analyzed, in accordance with the obligor's pool asset documents, on at least an annual basis, or such other period specified in the transaction agreements; (B) interest on such funds is paid, or credited, to obligors in accordance with applicable pool asset documents and state laws; and (C) such funds are returned to the obligor within 30 calendar days of full repayment of the related pool assets, or such other number of days specified in the transaction agreements.	
1122(d)(4)(xi)	Payments made on behalf of an obligor (such as tax or insurance payments) are made on or before the related penalty or expiration dates, as indicated on the appropriate bills or notices for such payments, provided that such support has been received by the servicer at least 30 calendar days prior to these dates, or such other number of days specified in the transaction agreements.	
1122(d)(4)(xii)	Any late payment penalties in connection with any payment to be made on behalf of an obligor are paid from the servicer's funds and not charged to the obligor, unless the late payment was due to the obligor's error or omission.	
1122(d)(4)(xiii)	Disbursements made on behalf of an obligor are posted within two business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.	
1122(d)(4)(xiv)	Delinquencies, charge-offs and uncollectible accounts are recognized and recorded in accordance with the transaction agreements.	
1122(d)(4)(xv)	Any external enhancement or other support, identified in Item 1114(a)(1) through (3) or Item 1115 of Regulation AB, is maintained as set forth in the transaction agreements.	

APPENDIX A

DEFINITIONS

This is Appendix A to the Indenture.

A. Defined Terms. As used in the Indenture, the Sale Agreement, the Servicing Agreement, the Series Supplement, the Intercreditor Agreement or any other Basic Document as hereinafter defined, as the case may be (unless the context requires a different meaning), the following terms have the following meanings:

"17g-5 Website" is defined in Section 10.06(a) of the Indenture.

"Account Records" is defined in Section 1(a)(i) of the Administration Agreement.

"Act" is defined in Section 10.03(a) of the Indenture.

"Actual SAC Charge Collections" means, with respect to SAC Charges in any Collection Period, the amount of such SAC Charges less the amounts held back to reflect potential write-offs calculated for such Collection Period.

"Administration Agreement" means the Administration Agreement, dated as of [●], 2026, by and between the Administrator and the Issuer, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Administration Fee" is defined in Section 2 of the Administration Agreement.

"Administrator" means APCo, as Administrator under the Administration Agreement, or any successor Administrator to the extent permitted under the Administration Agreement.

"Affiliate" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Annual Accountant's Report" is defined in Section 3.04(a) of the Servicing Agreement.

"Annual Compliance Certificate" is defined in Section 3.03(a) of the Servicing Agreement.

"Annual True-Up Adjustment" means the required adjustment to the SAC Charges made pursuant to the terms of the Financing Order and in accordance with Section 4.01(b)(i) of the Servicing Agreement.

"Annual True-Up Adjustment Date" means a date selected by the Servicer that is not more than twelve (12) months after the most recent application of the True-Up Adjustment.

"APCo" means Appalachian Power Company, a Virginia corporation, and any of its successors or permitted assigns.

"Applicable FATCA Law" is defined in Section 6.16 of the Indenture.

"Application" means the petition of Appalachian Power Company for a financing order to authorize the issuance of securitized asset cost bonds pursuant to § 56-249.8 of the Code of Virginia, Case No. PUR-2025-00116, filed by APCo with the Commission dated July 9, 2025, pursuant to the Securitization Law, or any subsequent similar Application of APCo.

"Bank" is defined in the preamble of the Series Supplement.

"Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.), as amended from time to time.

"Basic Documents" means the Indenture, the Administration Agreement, the Sale Agreement and the Bill of Sale, the Certificate of Formation, the LLC Agreement, the Servicing Agreement, the Intercreditor Agreement (including the Intercreditor Joinder), the Series Supplement, the Letter of Representations, the Underwriting Agreement and all other documents and certificates delivered in connection therewith.

"Bill" means each of the regular monthly bills, summary bills, opening bills and closing bills issued to Customers by APCo on its own behalf and in its capacity as Servicer.

"Bill of Sale" means the Bill of Sale, dated as of [●], 2026, by and between the Seller and the Issuer, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Billed SAC Charges" is defined in Annex I to the Servicing Agreement.

"Billing Period" means the period created by dividing the calendar year into twelve (12) consecutive periods of approximately twenty-one (21) Servicer Business Days.

"Bond Interest Rate" means, with respect to any Tranche of SAC Bonds, the rate at which interest accrues on the SAC Bonds of such Tranche, as specified in the Series Supplement.

"Book-Entry Form" means, with respect to any SAC Bond, that such SAC Bond is not certificated and the ownership and transfers thereof shall be made through book entries by a Clearing Agency as described in Section 2.11 of the Indenture and the Series Supplement pursuant to which such Securitized Bond was issued.

"Book-Entry SAC Bonds" means any SAC Bonds issued in Book-Entry Form; provided, however, that after the occurrence of a condition whereupon book-entry registration and transfer are no longer permitted and Definitive SAC Bonds are to be issued to the Holder of such SAC Bonds, such SAC Bonds shall no longer be "Book-Entry SAC Bonds."

"Budget Billing Plan" means a levelized payment plan offered by Servicer pursuant to which the related Customer's invoice amount for each billing cycle is a constant amount (or approximately constant) irrespective of usage for the related billing cycle.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Richmond, Virginia, New York, New York, or Columbus, Ohio are, or DTC or the Corporate Trust Office is, authorized or obligated by law, regulation or executive order to remain closed.

"Calculation Period" means, with respect to any True-Up Adjustment, the period comprised of the twelve (12) succeeding Collection Periods beginning with the Collection Period in which a True-Up Adjustment would go into effect; provided, that in the case of any True-Up Adjustment which will go into effect after the last Scheduled Final Payment Date, the Calculation Period shall begin on the date the True-Up Adjustment goes into effect and end on the Payment Date next following such True-Up Adjustment date; and provided further that for the purpose of calculating the first Periodic Payment Requirement as of the Closing Date, "Calculation Period" means, initially, the period commencing on the Closing Date and ending on the last day of the billing cycle of [*Month*] 202[●].

"Capital Contribution" means the amount of cash contributed to the Issuer by APCo as specified in the LLC Agreement.

"Capital Subaccount" is defined in Section 8.02(a) of the Indenture.

"Cash Subaccount" is defined in Section 8.02(a) of the Indenture.

"Certificate of Compliance" means the certificate referred to in Section 3.03(a) of the Servicing Agreement and substantially in the form of Exhibit B attached to the Servicing Agreement.

"Certificate of Formation" means the Certificate of Formation filed with the Secretary of State of the State of Delaware on November 12, 2025, pursuant to which the Issuer was formed.

"Claim" means a "claim" as defined in Section 101(5) of the Bankruptcy Code.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act.

"Clearing Agency Participant" means a securities broker, dealer, bank, trust company, clearing corporation or other financial institution or other Person for whom from time to time a Clearing Agency effects book entry transfers and pledges of securities deposited with the Clearing Agency.

"Closing Date" means, [●], 2026, the date on which the SAC Bonds are originally issued in accordance with Section 2.10 of the Indenture and the Series Supplement.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collection Account" is defined in Section 8.02(a) of the Indenture.

"Collection Period" means any period commencing on the first Servicer Business Day of any Billing Period and ending on the last Servicer Business Day of such Billing Period.

"Commission" means the State Corporation Commission of the Commonwealth of Virginia or any successor.

"Commission Regulations" means the rules and regulations promulgated by the Commission.

"Company Minutes" is defined in Section 1(a)(iv) of the Administration Agreement.

"Corporate Trust Office" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office (for all purposes other than registration of transfer of SAC Bonds) as of the Closing Date is located at 190 South LaSalle Street, 7th Floor, MK-IL-SL7R, Chicago, Illinois 60603, Attention: Corporate Trust Services / Appalachian Power Recovery Funding LLC, Telephone: (800) 934-6802, Email: matthew.smith2@usbank.com; melissa.rosal@usbank.com; maryann.turbak@usbank.com, and for registration of transfers of SAC Bonds, the office as of the Closing Date is located at 111 Fillmore Avenue East, St. Paul, Minnesota 55107, Attention: Bondholder Services, or at such other address as the Indenture Trustee may designate from time to time by notice to the Holders of SAC Bonds and the Issuer, or the principal corporate trust office of any successor trustee by like notice.

"Covenant Defeasance Option" is defined in Section 4.01(b) of the Indenture.

"Customer" means all existing and future Commission-jurisdictional retail customers that receive electric service within APCo's geographic service territory in the Commonwealth of Virginia that are subject to the SAC Charges.

"Customer Class" means the customer classes set forth in Appendix C to the Financing Order, and as such customer classes may be amended from time to time pursuant to the Non-Standard True-Up Adjustment.

"Daily Remittance" is defined in Section 6.11(a) of the Servicing Agreement.

"Default" means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default as defined in Section 5.01 of the Indenture.

"Definitive SAC Bonds" means SAC Bonds issued in definitive form in accordance with Section 2.13 of the Indenture.

"Depositor" means APCo, in its capacity as depositor of the SAC Property.

"DTC" means The Depository Trust Company or any successor thereto.

"Electronic Means" means telephone, telecopy, telegraph, telex, internet, electronic mail, facsimile transmission or any other similar means of electronic communication. Any communication by telephone as an Electronic Means shall be promptly confirmed in writing or by one of the other means of electronic communication authorized herein.

"Eligible Account" means a segregated non-interest-bearing trust account with an Eligible Institution.

"Eligible Institution" means:

(a) the corporate trust department of the Indenture Trustee or an Affiliate thereof, so long as the Indenture Trustee or such Affiliate have (i) either a short-term deposit or issuer rating from Moody's of at least "P-1" or a long-term unsecured debt or issuer rating from Moody's of at least "A2", and (ii) a short-term deposit or issuer rating from S&P of at least "A-1", or a long-term unsecured debt or issuer rating from S&P of at least "A"; or

(b) a depository institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank)

(i) that has either (A) a long-term unsecured debt or issuer rating of "AA-" or higher by S&P and "A2" or higher by Moody's, or (B) a short-term (bank deposit) or issuer rating of "A-1" or higher by S&P and "P-1" or higher by Moody's, and

(ii) whose deposits are insured by the Federal Deposit Insurance Corporation;

provided, however, that if an Eligible Institution then being utilized for any purposes under the Indenture or the Series Supplement no longer meets the definition of Eligible Institution, then the Issuer shall replace such Eligible Institution within sixty (60) days of such Eligible Institution no longer meeting the definition of Eligible Institution.

"Eligible Investments" means investments that meet the criteria described below and which mature on or before the Business Day immediately preceding the next Payment Date or Special Payment Date, if applicable:

(1) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America;

(2) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of or bankers' acceptances issued by, any depository institution (including bank deposit products of the Indenture Trustee or any of its Affiliates, acting in its commercial capacity) incorporated or organized under the laws of the United States of America or any State thereof and subject to supervision and examination by U.S. federal or State banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit or contractual commitment, rated at least "A-1" and "P-1" or their equivalents by each of S&P and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the SAC Bonds;

(3) commercial paper (including commercial paper of the Indenture Trustee or any of its Affiliates, acting in its commercial capacity, and other commercial paper issued by APCo or any of its Affiliates), having, at the time of investment or contractual commitment to invest, a rating of at least "A-1" and "P-1" or their equivalents by each of S&P and Moody's, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the SAC Bonds;

(4) investments in money market funds which have a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates acts as investment manager or advisor) from Moody's and S&P;

(5) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or its agencies or instrumentalities, entered into with Eligible Institutions;

(6) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

a. a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act, the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of entering into such repurchase obligation; or

b. an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's and "A-1+" by S&P at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; or

(7) any other investment permitted by each Rating Agency;

Notwithstanding the foregoing: (a) no securities or investments which mature in 30 days or more will be Eligible Investments unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's; (b) no securities or investments described in clauses (2) through (4) above which have maturities of more than thirty (30) days but less than or equal to three (3) months will be Eligible Investments unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from

Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; (c) no securities or investments described in clauses (2) through (4) above which have maturities of more than three (3) months will be Eligible Investments unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; (d) no securities or investments described in clauses (2) through (4) above which have a maturity of sixty (60) days or less will be Eligible Investments unless such securities have a rating from S&P of at least "A-1"; and (e) no securities or investments described in clauses (2) through (4) above which have a maturity of 365 days or less will be Eligible Investments unless such securities have a rating from S&P of at least "AA-", "A-1+" or "AAAm".

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means with respect to any Person at any time, each trade or business (whether or not incorporated) that would, at that time, be treated together with such Person as a single employer under Section 401 of ERISA or Section 414(b), (c), (m) or (o) of the Code.

"Estimated SAC Charge Collections" means the sum of the payments in respect of SAC Charges which are deemed to have been received by the Servicer, directly or indirectly, from or on behalf of Customers, calculated in accordance with Annex I of the Servicing Agreement.

"Event of Default" is defined in Section 5.01 of the Indenture.

"Excess Funds Subaccount" is defined in Section 8.02(a) of the Indenture.

"Excess Remittance" means the amount, if any, calculated for a particular Collection Period, by which all Estimated SAC Charge Collections remitted to the Collection Account during such Collection Period exceed Actual Collections received by the Servicer during such Collection Period.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Expected Amortization Schedule" means, with respect to any Tranche, the expected amortization schedule related thereto set forth in the Series Supplement.

"FDIC" means the Federal Deposit Insurance Corporation or any successor thereto.

"Federal Book-Entry Regulations" means 31 C.F.R. Part 357 et seq. (Department of Treasury).

"Federal Book-Entry Securities" means securities issued in book-entry form by the United States Treasury.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Servicer from three (3) federal funds brokers of recognized standing selected by it.

"FERC" means the Federal Energy Regulatory Commission or any successor thereto.

"Final" means, with respect to the Financing Order, that the Financing Order has become final, is not being appealed and that the time for filing an appeal therefrom has expired.

"Final Maturity Date" means, with respect to each Tranche of SAC Bonds, the Final Maturity Date therefor, as specified in the Series Supplement.

"Financial Asset" means "financial asset" as set forth in Section 8-102(a)(9) of the NY UCC.

"Financing Costs" means all "financing costs" (as defined in Section 56-249.8(A) of the Securitization Law) recoverable under the Financing Order.

"Financing Order" means the Financing Order, dated November 24, 2025, issued by the Commission pursuant to the Securitization Law in Case No. PUR-2025-00116, authorizing the creation of the SAC Property.

"General Subaccount" is defined in Section 8.02(a) of the Indenture.

"Global SAC Bond" means a Securitized Bond to be issued to the Holders thereof in Book-Entry Form, which Global Securitized Bond shall be issued to the Clearing Agency, or its nominee, in accordance with Section 2.11 of the Indenture and the Series Supplement.

"Governmental Authority" means any nation or government, any federal, state, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative function of government.

"Grant" means mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, grant, transfer, create, and grant a lien upon and a security interest in and right of set-off against, deposit, set over and confirm pursuant to the Indenture and the Series Supplement. A Grant of the SAC Bond Collateral or of any other agreement or instrument included therein shall include all rights, powers and options (but none of the obligations) of the Granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for payments in respect of the SAC Bond Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the Granting party or otherwise and generally to do and receive anything that the Granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Hague Securities Convention" means the Convention on the Law Applicable to Certain Rights in Respect of Securities Held with an Intermediary, ratified September 28, 2016, S. Treaty Doc. No. 112-6 (2012).

"Holder" or "Bondholder" means the Person in whose name a SAC Bond is registered on the SAC Bond Register.

"Indemnified Losses" is defined in Section 5.03 of the Servicing Agreement.

"Indemnified Person" is defined in Section 6.02(b) of the Servicing Agreement.

"Indenture" means the Indenture, dated as of [●], 2026, by and among the Issuer, U.S. Bank Trust Company, National Association, a national banking association, as Indenture Trustee, and U.S. Bank National Association, a national banking association, as Securities Intermediary, as originally executed and, as from time to time supplemented or amended by the Series Supplement or indentures supplemental thereto entered into pursuant to the applicable provisions of the Indenture, as so supplemented or amended, or both, and shall include the forms and terms of the SAC Bonds established thereunder.

"Indenture Trustee" means U.S. Bank Trust Company, National Association, a national banking association, as indenture trustee for the benefit of the Secured Parties, or any successor indenture trustee under the Indenture.

"Independent" means, when used with respect to any specified Person, that the Person (a) is in fact independent of the Issuer, any other obligor on the SAC Bonds, the Seller, the Servicer and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director (other than as an independent director or manager) or Person performing similar functions.

"Independent Certificate" means a certificate or opinion to be delivered to the Indenture Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, made by an Independent appraiser or other expert appointed by an Issuer Order and consented to by the Indenture Trustee, and such opinion or certificate shall state that the signer has read the definition of "Independent" in the Indenture and that the signer is Independent within the meaning thereof.

"Independent Manager" is defined in Section 4.01(a) of the LLC Agreement.

"Independent Manager Fee" is defined in Section 7.03(a) of the LLC Agreement.

"Initial Payment Date" is defined in Section 3(b) of the Series Supplement.

"Initial Servicer" means APCo.

"Insolvency Event" means, with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person's affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days; or (b) the commencement by such Person of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

"Insolvency Law" means any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect.

"Intercreditor Agreement" means the Intercreditor Agreement, dated as of September 7, 2022, as amended and restated as of December 9, 2024, by and among AEP Credit, Inc., JPMorgan Chase Bank, N.A., as administrative agent and control agent, and the issuers, servicers and indenture trustees from time-to-time party thereto, as supplemented by the Intercreditor Joinder, as the same may be further amended, restated, supplemented or otherwise modified from time-to-time.

"Intercreditor Joinder" means the joinder to the Intercreditor Agreement, dated as of [●], 2026, by and among AEP Credit Inc., JPMorgan Chase Bank, N.A., as administrative agent and control agent, APCo, the Issuer and the Indenture Trustee, as the same may be amended, restated, supplemented or otherwise modified from time-to-time.

"Interim True-Up Adjustment" means any adjustment (other than a Annual True-Up Adjustment or Semi-Annual or Quarterly True-Up Adjustment) to the SAC Charges made pursuant to the terms of the Financing Order and in accordance with Section 4.01(b)(iii) of the Servicing Agreement.

"Interim True-Up Adjustment Date" means any date, other than a Annual True-Up Adjustment Date or Semi-Annual or Quarterly True-Up Adjustment Date, on which the Servicer elects to apply the True-Up Mechanism to make an interim adjustment to the SAC Charges.

"Internal Revenue Service" means the Internal Revenue Service of the United States of America.

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"Investment Earnings" means investment earnings on funds deposited in the Collection Account net of losses and investment expenses.

"Issuance Advice Letter" means the Issuance Advice Letter filed with the Commission pursuant to the Securitization Law and the Financing Order with respect to the SAC Bonds.

"Issuer" means Appalachian Power Recovery Funding LLC, a Delaware limited liability company, named as such in the Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein and required by the TIA, each other obligor on the SAC Bonds.

"Issuer Documents" is defined in Section 1(a)(iv) of the Administration Agreement.

"Issuer Order" and "Issuer Request" mean a written order or request signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

"Jurisdictional Successor" means, with respect to Servicer, a successor, whether by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all of the electric transmission and distribution business of the Servicer in the Commonwealth of Virginia (or, if transmission and distribution are not provided by a single entity, provides wire service directly to Customers).

"Legal Defeasance Option" is defined in Section 4.01(b) of the Indenture.

"Letter of Representations" means any applicable agreement between the Issuer and the applicable Clearing Agency, with respect to such Clearing Agency's rights and obligations (in its capacity as a Clearing Agency) with respect to any Book-Entry SAC Bonds, as the same may be amended, supplemented, restated or otherwise modified from time to time.

"Lien" means a security interest, lien, mortgage, charge, pledge, claim, equity or encumbrance of any kind.

"LLC Act" means the Delaware Limited Liability Company Act, 6 Del. C. § 18-101 et seq., as amended from time to time.

"LLC Agreement" means the Amended and Restated Limited Liability Company Agreement of Appalachian Power Recovery Funding LLC, dated as of January 19, 2026, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Losses" means (a) any and all amounts of principal and interest on the SAC Bonds not paid when due or when scheduled to be paid in accordance with their terms and the amounts of any deposits by or to the Issuer required to have been made in accordance with the terms of the Basic Documents or the Financing Order which are not made when so required and (b) any and all other liabilities, obligations, losses, claims, damages, payments, costs or expenses of any kind whatsoever.

"Manager" means each manager of the Issuer under the LLC Agreement.

"Member" has the meaning specified in the first paragraph of the LLC Agreement.

"Membership Interest" is defined in Section 6.01 of the LLC Agreement.

"Minimum Denomination" means, with respect to any SAC Bond, the minimum denomination therefor specified in the Series Supplement, which minimum denomination shall be not less than $100,000, except for one SAC Bond of each Tranche which may be of smaller denomination, and, except as otherwise provided in the Series Supplement, integral multiples of $1,000 thereof.

"Monthly Servicer's Certificate" means a certificate, substantially in the form of Exhibit A to the Servicing Agreement, completed and executed by a Responsible Officer of the Servicer pursuant to Section 3.01(b)(i) of the Servicing Agreement.

"Moody's" means Moody's Investors Service, Inc. or any successor thereto. References to Moody's are effective so long as Moody's is a Rating Agency.

"Non-Standard True-Up Adjustment" means the adjustment to the Customer Classes made pursuant to the terms of the Financing Order and in accordance with Section 4.01(c) of the Servicing Agreement.

"Non-Standard True-Up Adjustment Effective Date" means the date specified in the Non-Standard True-Up Adjustment Rider for the effectiveness of the proposed Non-Standard True-Up Adjustment, which must be at least thirty (30) days after the date in which the Servicer filed the Non-Standard True-Up Adjustment Rider with the Commission.

"Non-Standard True-Up Adjustment Rider" means a letter setting forth (i) the proposed allocation of Customer Classes; (ii) the supporting data and analysis demonstrating the magnitude and expected duration of the load shift, which should be used to substantiate the occurrence of a Significant and Sustained Change; (iii) the resulting impact of the allocation of SAC Charges among Customer Classes; and (iv) the Non-Standard True-Up Effective Date.

"Notice of Default" is defined in Section 5.01(c) of the Indenture.

"NRSRO" is defined in Section 10.06(b) of the Indenture.

"NY UCC" means the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"Officer's Certificate" means, with respect to any Person, a certificate signed by a Responsible Officer of such Person and, with respect to an Officer's Certificate of the Issuer delivered to the Indenture Trustee under the Indenture, under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, and delivered to the Indenture Trustee. Unless otherwise specified, any reference in a Basic Document to an Officer's Certificate shall be to an Officer's Certificate of any Responsible Officer of the party delivering such certificate.

"Ongoing Financing Costs" means the Financing Costs described as such in the Financing Order, including costs that APCo and the Commission will continue to incur after the issuance of the Financing Order, Operating Expenses and any other costs identified in the Basic Documents; provided, however, that Ongoing Financing Costs do not include the Issuer's costs of issuance of the SAC Bonds.

"Operating Expenses" means all unreimbursed fees, costs and expenses of the Issuer, including all amounts owed by the Issuer to the Indenture Trustee, the Securities Intermediary or any Manager, the Servicing Fee, the Administration Fee, Reimbursable Administrative Expenses, Reimbursable Expenses, legal and accounting fees, Rating Agency fees, costs and expenses of the Issuer and APCo, any franchise or other taxes owed on investment income in the Collection Account and any other expenses of the Issuer and APCo specified as being Operating Expenses in the Basic Documents.

"Opinion of Counsel" means one or more written opinions of counsel who may, except as otherwise expressly provided in the Basic Documents, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party. Any Opinion of Counsel may be based, insofar as it relates to factual matters (including financial and capital markets), upon a certificate or opinion or, or representations by, an officer or officer of the Servicer or the Issuer and other documents necessary and advisable in the judgment of counsel delivering such opinion.

"Outstanding" means, as of the date of determination, all SAC Bonds theretofore authenticated and delivered under this Indenture except:

(a) SAC Bonds theretofore canceled by the Securitized Bond Registrar or delivered to the SAC Bond Registrar for cancellation;

(b) SAC Bonds or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the Holders of such SAC Bonds; and

(c) SAC Bonds in exchange for or in lieu of other SAC Bonds which have been issued pursuant to this Indenture unless proof satisfactory to the Indenture Trustee is presented that any such SAC Bonds are held by a Protected Purchaser;

provided that, in determining whether the Holders of the requisite Outstanding Amount of the SAC Bonds or any Tranche thereof have given any request, demand, authorization, direction, notice, consent or waiver hereunder or under any Basic Document, SAC Bonds owned by the Issuer, any other obligor upon the SAC Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding (unless one or more such Persons owns one-hundred (100) percent of such SAC Bonds), except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only SAC Bonds that the

Indenture Trustee actually knows to be so owned shall be so disregarded. SAC Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such SAC Bonds and that the pledgee is not the Issuer, any other obligor upon the SAC Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons.

"Outstanding Amount" means the aggregate principal amount of all SAC Bonds or, if the context requires, all SAC Bonds of a Tranche, Outstanding at the date of determination.

"Paying Agent" means, with respect to the Indenture, the Indenture Trustee and any other Person appointed as a paying agent for the SAC Bonds pursuant to the Indenture.

"Payment Date" means, with respect to any Tranche of SAC Bonds, the dates specified in the Series Supplement; provided that if any such date is not a Business Day, the Payment Date shall be the Business Day immediately succeeding such date.

"Periodic Billing Requirement" means, for any Calculation Period, the aggregate amount of SAC Charges calculated by the Servicer as necessary to be billed during such period in order to collect the Periodic Payment Requirement on a timely basis.

"Periodic Interest" means, with respect to any Payment Date, the periodic interest for such Payment Date as specified in the Series Supplement.

"Periodic Payment Requirement" for any Calculation Period means the total dollar amount of SAC Charge Collections reasonably calculated by the Servicer in accordance with Section 4.01 of the Servicing Agreement as necessary to be received during such period (after giving effect to the allocation and distribution of amounts on deposit in the Excess Funds Subaccount at the time of calculation and which are projected to be available for payments on the SAC Bonds at the end of such Calculation Period and including any shortfalls in Periodic Payment Requirements for any prior Calculation Period) in order to ensure that, as of the last Payment Date occurring in such Calculation Period, (a) all accrued and unpaid interest on the SAC Bonds then due shall have been paid in full on a timely basis, (b) the Outstanding Amount of the SAC Bonds is equal to the Projected Unrecovered Balance on each Payment Date during such Calculation Period, (c) the balance on deposit in the Capital Subaccount equals the aggregate Required Capital Level and (d) all other fees and expenses due and owing and required or allowed to be paid under Section 8.02 of the Indenture as of such date shall have been paid in full; provided that, with respect to any True-Up Adjustments or Non-Standard True-Up Adjustments occurring after the last Scheduled Final Payment Date for the SAC Bonds, the Periodic Payment Requirements shall be calculated to ensure that sufficient SAC Charges will be collected to retire the SAC Bonds in full as of the next Payment Date.

"Periodic Principal" means, with respect to any Payment Date, the payment of the principal on the SAC Bonds then scheduled to be paid on a Tranche pursuant to the Expected Sinking Fund Schedule.

"Permitted Lien" means the Lien created by the Indenture.

"Permitted Successor" is defined in Section 5.02 of the Sale Agreement.

"Person" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"Predecessor SAC Bond" means, with respect to any particular SAC Bond, every previous SAC Bond evidencing all or a portion of the same debt as that evidenced by such particular SAC Bond, and, for the purpose of this definition, any SAC Bond authenticated and delivered under Section 2.06 of the Indenture in lieu of a mutilated, lost, destroyed or stolen SAC Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen SAC Bond.

"Premises" is defined in Section 1(g) of the Administration Agreement.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Projected Unrecovered Balance" means, as of any Payment Date, the sum of the projected outstanding principal amount of each Tranche of SAC Bonds for such Payment Date set forth in the Expected Amortization Schedule.

"Prospectus" means the prospectus dated [●], 2026 relating to the SAC Bonds.

"Protected Purchaser" has the meaning specified in Section 8-303 of the NY UCC.

"Purchase Price" is defined in Section 2.01 of the Sale Agreement.

"Rating Agency" means with respect to any Tranche of SAC Bonds, any of Moody's or Standard & Poor's which provides a rating with respect to the SAC Bonds. If no such organization or successor is any longer in existence, "Rating Agency" shall be a nationally recognized statistical rating organization or other comparable Person designated by the Issuer, notice of which designation shall be given to the Indenture Trustee and the Servicer.

"Rating Agency Condition" means, with respect to any action, not less than ten (10) Business Days' prior written notification to each Rating Agency of such action, and written confirmation from each Rating Agency to the Servicer, the Indenture Trustee and the Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of any Tranche of SAC Bonds and that prior to the taking of the proposed action no other Rating Agency shall have provided written notice to the Issuer that such action has resulted or would result in the suspension, reduction or withdrawal of the then current rating of any Tranche of SAC Bonds; provided, that if within such ten (10) Business Day period, any Rating Agency (other than Standard & Poor's) has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (a) the Issuer shall be required to confirm that such Rating Agency has received the Rating Agency Condition request, and if it has, promptly request the related Rating Agency Condition confirmation and (b) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five (5) Business Days following such second (2nd) request, the applicable Rating Agency Condition

requirement shall not be deemed to apply to such Rating Agency. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency's right to review or consent).

"Record Date" means, with respect to a Payment Date, in the case of Definitive SAC Bonds, the close of business on the last day of the calendar month preceding the calendar month in which such Payment Date occurs, and in the case of Book-Entry SAC Bonds, one Business Day prior to the applicable Payment Date.

"Registered Holder" means the Person in whose name a SAC Bond is registered on the Securitized Bond Register.

"Registration Statement" means the registration statement, Form SF-1 Registration Nos. [●] and [●], filed with the SEC for registration under the Securities Act relating to the offering and sale of the SAC Bonds, and including all amendments thereto.

"Regulation AB" means the rules of the SEC promulgated under Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, as such may be amended from time to time.

"Reimbursable Administrative Expenses" is defined in Section 2 of the Administration Agreement.

"Reimbursable Servicer Expenses" is defined in Section 6.06(a) of the Servicing Agreement.

"Released Parties" is defined in Section 6.02(e)(v) of the Servicing Agreement.

"Remittance Shortfall" means the amount, if any, calculated for a particular Collection Period, by which Actual Collections received by the Servicer during such Collection Period exceed all Estimated SAC Charge Collections remitted to the Collection Account during such Collection Period.

"Required Capital Level" means an amount equal to 0.50% of the initial principal amount of the SAC Bonds, or such other amount as may be permitted or required under the Financing Order and applicable Internal Revenue Service rulings, deposited into the Capital Subaccount by the Member prior to or upon the issuance of the SAC Bonds.

"Requirement of Law" means any foreign, federal, state or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law.

"Responsible Officer" means with respect to (a) the Issuer, any Manager or any duly authorized officer; (b) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, Assistant Vice President, Secretary or Assistant Treasurer, Trust Officer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such

officers, respectively), and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject; (c) any corporation (other than the Indenture Trustee), the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer, the Assistant Treasurer or any other duly authorized officer of such Person who has been authorized to act in the circumstances; (d) any partnership, any general partner thereof; and (e) any other Person (other than an individual or the Indenture Trustee), any duly authorized officer or member of such Person, as the context may require, who is authorized to act in matters relating to such Person.

"Retirement of the SAC Bonds" means any day on which the final distribution is made to the Indenture Trustee in respect of the last Outstanding SAC Bonds.

"Return on Invested Capital" means, for any Payment Date with respect to any Remittance Period, the sum of (a) rate of return, payable to APCo, on its Capital Contribution, equal to APCo's then authorized pre-tax weighted average cost of capital established in APCo's then most recent base rate case plus (b) any Return on Invested Capital not paid on any prior Payment Date.

"SAC Bond Collateral" has the meaning specified in the preamble of the Indenture.

"SAC Bond Register" means the register maintained pursuant to Section 2.05 of the Indenture, providing for the registration of the SAC Bonds and transfers and exchanges thereof.

"SAC Bond Registrar" means the registrar at any time of the Securitized Bond Register, appointed pursuant to Section 2.05 of the Indenture.

"SAC Bonds" means the "Series 2026-A Senior Secured SAC Bonds" authorized by the Financing Order and issued by the Issuer under the Indenture and Series Supplement on the Closing Date.

"SAC Charge" means any "securitized asset cost charge" (as defined in Section 56-249.8.A. of the Securitization Law), which is authorized by the Financing Order.

"SAC Charge Collections" means the SAC Charges actually received by the Servicer to be remitted to the Collection Account.

"SAC Charge Payments" means the payments made by Customers based on the SAC Charges.

"SAC Property" means all "securitized asset cost property" created pursuant to the Financing Order and sold or otherwise conveyed to the Issuer under the Sale Agreement, including: (a) all rights and interests of APCo, or its successor or assignee, under the Financing Order, including the right to impose, bill, charge, collect and receive SAC Charges authorized in the Financing Order and to obtain periodic adjustments to such SAC Charges as provided in the Financing Order, and (b) all revenues, collections, claims, rights to payments, payments, money

or proceeds arising from the rights and interests specified in the Financing Order, regardless of whether such revenues, collections, claims, rights to payment, payments, money or proceeds are imposed, billed, charged, collected or received with, or maintained together with or commingled with, other revenues, collections, rights to payment, payments, money or proceeds.

"SAC Property Records" is defined in Section 5.01 of the Servicing Agreement.

"Sale Agreement" means the Securitized Asset Cost Property Purchase and Sale Agreement, dated as of [●], 2026, by and between APCo and the Issuer, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Sanctions" is defined in Section 3.21(a) of the Indenture.

"Scheduled Final Payment Date" means with respect to each Tranche of SAC Bonds, the date when all interest and principal is scheduled to be paid with respect to that Tranche in accordance with the Expected Amortization Schedule, as specified in the Series Supplement. For the avoidance of doubt, the Scheduled Final Payment Date with respect to any Tranche shall be the last Scheduled Payment Date set forth in the Expected Amortization Schedule relating to such Tranche. The "last Scheduled Final Payment Date" means the Scheduled Final Payment Date of the last maturing Tranche of SAC Bonds.

"Scheduled Payment Date" is defined in the Series Supplement with respect to each Tranche of SAC Bonds.

"SEC" means the U.S. Securities and Exchange Commission.

"Secretary of State" means the Secretary of State of the State of Delaware or the Secretary of the Commonwealth of the Commonwealth of Virginia, as the case may be, or any Governmental Authority succeeding to the duties of such offices.

"Secured Obligations" is defined in the Series Supplement, a form of which is attached as Exhibit B to the Indenture.

"Secured Parties" means the Indenture Trustee, the Bondholders and any credit enhancer described in the Series Supplement.

"Securities Account" means the Collection Account (to the extent it constitutes a securities account as defined in the NY UCC and Federal Book-Entry Regulations).

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Intermediary" means U.S. Bank National Association, a national banking association, or any other eligible financial institution, solely in the capacity of a "securities intermediary" (as defined in the NY UCC and Federal Book-Entry Regulations) and an account bank, or any successor securities intermediary or account bank under the Indenture.

"Securitization Financing Rider" means the Securitized Asset Cost Charge Tariff, in the form attached to the Financing Order as Appendix D, filed with the Commission pursuant to the Securitization Law to evidence the SAC Charges pursuant to the Financing Order.

"Securitization Financing Rider Adjustment" means a revision to the Securitization Financing Rider or any other notice filing filed with the Commission in respect of the Securitization Financing Rider pursuant to a True-Up Adjustment.

"Securitization Law" means § 249.8 of Title 56 of the Va Code, as amended from time to time.

"Security Entitlement" means "security entitlement" (as defined in Section 8-102(a)(17) of the NY UCC) with respect to Financial Assets now or hereafter credited to the Securities Account and, with respect to Federal Book-Entry Regulations, with respect to Federal Book-Entry Securities now or hereafter credited to the Securities Account, as applicable.

"Securitized Asset Costs" means the "securitized asset costs" (as defined in the Securitization Law) recoverable pursuant to the Financing Order through the issuance of the SAC Bonds, including the Financing Costs.

"Seller" is defined in the preamble to the Sale Agreement.

"Semi-Annual or Quarterly True-Up Adjustment" means each required adjustment to the SAC Charges made pursuant to the terms of the Financing Order and in accordance with Section 4.01(b)(ii) of the Servicing Agreement.

"Semi-Annual or Quarterly True-Up Adjustment Date" means, a date selected by the Servicer that is not more than six (6) months after the most recent application of the True-Up Adjustment (or, beginning twelve (12) months prior to the Scheduled Final Payment Date of the last maturing tranche of SAC Bonds, not more than three (3) months after the most recent application of the True-Up Adjustment).

"Series Supplement" means the Series Supplement, dated as of the [●], 2026, among the Issuer, the Indenture Trustee and the Securities Intermediary, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Servicer" means APCo, as Servicer under the Servicing Agreement, or any successor Servicer to the extent permitted under the Servicing Agreement.

"Servicer Business Day" means any day other than a Saturday, Sunday or holiday on which the Servicer maintains normal office hours and conducts business.

"Servicer Default" is defined in Section 7.01 of the Servicing Agreement.

"Servicer's Certificate" means a certificate, substantially in the form of Exhibit B to the Servicing Agreement, completed and executed by a Responsible Officer of the Servicer pursuant to Section 4.01(c)(ii) of the Servicing Agreement.

"Servicing Agreement" means the Securitized Asset Cost Property Servicing Agreement, dated as of [•], 2026, by and between the Issuer and APCo, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Servicing Fee" means the fee payable to the Servicer on each Payment Date for services rendered during the period from, but not including, the preceding Payment Date (or from the Closing Date in the case of the first Payment Date) to and including the current Payment Date, determined pursuant to Section 6.06 of the Servicing Agreement.

"Significant and Sustained Change" shall be deemed to have occurred if the forecasted load of any Customer Class for the upcoming remittance period is projected to increase or decrease by ten (10) percent or more compared to the original projected load for that class as set forth in the Financing Order or in the most recent application of the True-Up Mechanism or the Non-Standard True-Up Adjustment and such changes are projected by the Servicer to be sustained.

"Special Member" is defined in Section 1.02(b) of the LLC Agreement.

"Special Payment" means with respect to any Tranche of SAC Bonds, any payment of principal of or interest on (including any interest accruing upon default), or any other amount in respect of, the sac Bonds of such Tranche that is not actually paid within five (5) days of the Payment Date applicable thereto.

"Special Payment Date" means the date on which a Special Payment is to be made by the Indenture Trustee to the Holders.

"Special Purpose Provisions" is defined in Section 11.02(a)(i) of the LLC Agreement.

"Special Record Date" means with respect to any Special Payment Date, the close of business on the fifteenth (15th) day (whether or not a Business Day) preceding such Special Payment Date.

"Sponsor" means APCo, in its capacity as "sponsor" of the SAC Bonds within the meaning of Regulation AB.

"Standard & Poor's" or "S&P" means Standard & Poor's Ratings Group, Inc., or any successor thereto. References to S&P are effective so long as S&P is a Rating Agency.

"State" means any one of the fifty states of the United States of America or the District of Columbia.

"State Pledge" means the pledge of the Commonwealth of Virginia as set forth in Section 56-249.8:K of the Securitization Law.

"Subaccounts" is defined in Section 8.02(a) of the Indenture.

"Successor Servicer" is defined in Section 3.07(e) of the Indenture.

"Temporary SAC Bonds" means SAC Bonds executed, and upon the receipt of an Issuer Order, authenticated and delivered by the Indenture Trustee pending the preparation of Definitive SAC Bonds pursuant to Section 2.04 of the Indenture.

"Termination Notice" is defined in Section 7.01(e) of the Servicing Agreement.

"Third-Party Collector" means each electric utility, municipally owned utility and/or cooperative, which, is obligated to bill, pay or collect SAC Charges.

"Tranche" means any one of the tranches of SAC Bonds.

"Tax Return" is defined in Section 1(a)(iii) of the Administration Agreement.

"Treasury Regulations" means the regulations, including proposed or temporary regulations, promulgated under the Code. References herein to specific provisions of proposed or temporary regulations shall include analogous provisions of final Treasury Regulations or other successor Treasury Regulations.

"True-Up Adjustment Letter" means the Form of True-Up Adjustment Letter, in the form attached to the Financing Order as Appendix C, filed with the Commission pursuant to the Securitization Law and the Financing Order.

"True-Up Adjustments" means the Annual True-Up Adjustment, the Semi-Annual or Quarterly True-Up Adjustment, and the Interim True-Up Adjustment.

"Trust Indenture Act" or "TIA" means the Trust Indenture Act of 1939, as amended by the Trust Indenture Reform Act of 1990, as in force on the Closing Date, unless otherwise specifically provided.

"UCC" means, unless the context otherwise requires, the Uniform Commercial Code, as in effect in the relevant jurisdiction, as amended from time to time.

"Underwriters" means the underwriters who purchase SAC Bonds of any Tranche from the Issuer and sell such SAC Bonds in a public offering.

"Underwriting Agreement" means the Underwriting Agreement, dated [●], 2026, by and among APCo, the representatives of the Underwriters named therein and the Issuer, as the same may be amended, supplemented or modified from time to time.

"Unrecovered Balance" means, as of any Payment Date, the sum of the outstanding principal amount of the SAC Bonds less the amount in the Excess Funds Subaccount available to make principal payments on the SAC Bonds.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable at the option of the issuer thereof.

"Va Code" means the Code of Virginia, as amended from time to time.

"Weighted Average Days Outstanding" means the weighted average number of days APCo's Bills to Customers remain outstanding during the calendar year immediately preceding the calculation thereof pursuant Section 4.01(b) the Servicing Agreement. The initial Weighted Average Days Outstanding shall be [*initial Weighted Average Days Outstanding to be inserted*] days until updated pursuant to Section 4.01(b) of the Servicing Agreement.

B. Other Terms. All accounting terms not specifically defined herein shall be construed in accordance with United States generally accepted accounting principles. To the extent that the definitions of accounting terms in any Basic Document are inconsistent with the meanings of such terms under generally accepted accounting principles or regulatory accounting principles, the definitions contained in such Basic Document shall control. As used in the Basic Documents, the term "including" means "including without limitation," and other forms of the verb "to include" have correlative meanings. All references to any Person shall include such Person's permitted successors.

C. Computation of Time Periods. Unless otherwise stated in any of the Basic Documents, as the case may be, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

D. Reference; Captions. The words "hereof", "herein" and "hereunder" and words of similar import when used in any Basic Document shall refer to such Basic Document as a whole and not to any particular provision of such Basic Document; and references to "Section", "subsection", "Schedule" and "Exhibit" in any Basic Document are references to Sections, subsections, Schedules and Exhibits in or to such Basic Document unless otherwise specified in such Basic Document. The various captions (including the tables of contents) in each Basic Document are provided solely for convenience of reference and shall not affect the meaning or interpretation of any Basic Document.

E. Terms Generally. The definitions contained in this Appendix A are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter forms of such terms.

Exhibit 10.1

SECURITIZED ASSET COST PROPERTY SERVICING AGREEMENT

by and between

APPALACHIAN POWER RECOVERY FUNDING LLC,

as Issuer

and

APPALACHIAN POWER COMPANY,

as Servicer

Dated as of [●], 2026

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SECURITIZED ASSET COST PROPERTY SERVICING AGREEMENT

This SECURITIZED ASSET COST PROPERTY SERVICING AGREEMENT (this "Agreement"), dated as of [•], 2026, is between APPALACHIAN POWER RECOVERY FUNDING LLC, a Delaware limited liability company, as issuer (the "Issuer"), and APPALACHIAN POWER COMPANY ("APCo"), a Virginia corporation, as servicer (the "Servicer").

RECITALS

WHEREAS, pursuant to the Securitization Law and the Financing Order, APCo, in its capacity as seller (the "Seller"), and the Issuer are concurrently entering into the Sale Agreement pursuant to which the Seller is selling, and the Issuer is purchasing, certain SAC Property created pursuant to the Securitization Law and the Financing Order described therein;

WHEREAS, in connection with its ownership of the SAC Property and in order to collect the associated SAC Charges, the Issuer desires to engage the Servicer to carry out the functions described herein and the Servicer desires to be so engaged;

WHEREAS, the Issuer desires to engage the Servicer to act on its behalf in obtaining True-Up Adjustments and Non-Standard True-Up Adjustments from the Commission and the Servicer desires to be so engaged;

WHEREAS, the SAC Charges initially will be commingled with other funds collected by the Servicer;

WHEREAS, certain parties may have an interest in such commingled collections, and such parties have entered into an Intercreditor Agreement that allows APCo to allocate the collected, commingled funds according to each party's interest; and

WHEREAS, the Financing Order calls for the Servicer to execute a servicing agreement with the Issuer pursuant to which the Servicer will be required, among other things, to impose and collect the SAC Charges for the benefit and account of the Issuer, to obtain True-Up Adjustments and Non-Standard True-Up Adjustments from the Commission as required or allowed by the Financing Order, and to account for and remit the SAC Charges to the Indenture Trustee on behalf and for the account of the Issuer.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01. Definitions.

(a) Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in that certain Indenture (including Appendix A thereto), dated as of the date hereof between the Issuer, U.S. Bank Trust Company, National Association, a national banking association, not individually but solely in its capacity as the indenture trustee (the "Indenture Trustee"), and U.S. Bank National Association, a national banking association, not individually but solely in its capacity as a securities intermediary (the "Securities Intermediary"), as the same may be amended, restated, supplemented or otherwise modified from time to time.

(b) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) The words "hereof," "herein," "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Section, Schedule, Exhibit, Annex and Attachment references contained in this Agreement are references to Sections, Schedules, Exhibits, Annexes and Attachments in or to this Agreement unless otherwise specified; and the terms "includes" and "including" shall mean "includes without limitation" and "including without limitation," respectively.

(d) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

(e) Non-capitalized terms used herein which are defined in the Securitization Law shall, as the context requires, have the meanings assigned to such terms in the Securitization Law, but without giving effect to amendments to the Securitization Law after the date hereof which have a material adverse effect on the Issuer or the Holders.

ARTICLE II
APPOINTMENT AND AUTHORIZATION

SECTION 2.01. Appointment of Servicer; Acceptance of Appointment. The Issuer hereby appoints the Servicer, as an independent contractor, and the Servicer hereby accepts such appointment, to perform the Servicer's obligations pursuant to this Agreement on behalf of and for the benefit of the Issuer or any assignee thereof in accordance with the terms of this Agreement and applicable law. This appointment, and the Servicer's acceptance thereof, may not be revoked except in accordance with the express terms of this Agreement.

SECTION 2.02. Authorization. With respect to all or any portion of the SAC Property, the Servicer shall be, and hereby is, authorized and empowered by the Issuer to (a) execute and deliver, on behalf of itself and/or the Issuer, as the case may be, any and all instruments, documents or notices, and (b) on behalf of itself and/or the Issuer, as the case may be, make any filing and participate in proceedings of any kind with any Governmental Authority, including with the Commission. The Issuer shall execute and deliver to the Servicer such documents as have been prepared by the Servicer for execution by the Issuer and shall furnish the Servicer with such other documents as may be in the Issuer's possession, in each case as the Servicer may determine to be necessary or appropriate to enable it to carry out its servicing and other duties hereunder. Upon the Servicer's written request, the Issuer shall furnish the Servicer with any powers of attorney or other documents necessary or appropriate to enable the Servicer to carry out its duties hereunder.

SECTION 2.03. Dominion and Control Over the SAC Property. Notwithstanding any other provision herein, the Issuer shall have dominion and control over the SAC Property, and the Servicer, in accordance with the terms hereof, is acting solely as the servicing agent and custodian for the Issuer with respect to the SAC Property and the SAC Property Records. The Servicer shall not take any action that is not authorized by this Agreement, that would contravene the Securitization Law, the Commission Regulations or the Financing Order, that is not consistent with its customary procedures and practices, or that shall impair the rights of the Issuer or the Indenture Trustee (on behalf of the Secured Parties) in the SAC Property, in each case unless such action is required by applicable law or court or regulatory order.

ARTICLE III
ROLE OF SERVICER

SECTION 3.01. Duties of Servicer. The Servicer, as agent for the Issuer, shall have the following duties:

(a) Duties of Servicer Generally. The Servicer's duties in general shall include:

(i) management, servicing and administration of the SAC Property;

(ii) obtaining meter reads, calculating usage, billing, collections and posting of all payments in respect of SAC Property (including the SAC Charges);

(iii) responding to inquiries by Customers, the Commission, or any other Governmental Authority with respect to the SAC Property (including the SAC Charges);

(iv) investigating and handling delinquencies (and furnishing reports with respect to such delinquencies to the Issuer), processing and depositing collections and making periodic remittances;

(v) furnishing periodic reports to the Issuer, the Indenture Trustee and the Rating Agencies;

(vi) making all required filings with the Commission and taking such other action as may be necessary to perfect the Issuer's ownership interests in and the Indenture Trustee's first priority Lien on and security interest, in the SAC Property;

(vii) making all required filings and taking such other action as may be necessary to perfect and maintain the perfection and priority of the Indenture Trustee's Lien on and security interest in all SAC Bond Collateral;

(viii) selling, as the agent for the Issuer, as its interests may appear, defaulted or written off accounts in accordance with the Servicer's usual and customary practices;

(ix) taking all necessary action in connection with the True-Up Adjustments and Non-Standard True-Up Adjustments as set forth herein; and

(x) performing such other duties as may be specified under the Financing Order to be performed by it.

Anything to the contrary notwithstanding, the duties of the Servicer set forth in this Agreement shall be qualified in their entirety by any Commission Regulations, the Financing Order, and the U.S. federal securities laws and the rules and regulations promulgated thereunder, including without limitation, Regulation AB and Rule 17g-5, as in effect at the time such duties are to be performed. Without limiting the generality of this Section 3.01(a), in furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with, the duties and responsibilities relating to data acquisition, usage and bill calculation, billing, customer service functions, collections, payment processing and remittance set forth in Annex I hereto, as it may be amended from time to time. For the avoidance of doubt, the term "usage" when used herein refers to both kilowatt-hour consumption and kilowatt demand.

(b) Reporting Functions.

(i) Monthly Servicer's Certificate. On or before the twenty-fifth (25th) calendar day of each month (or if such day is not a Servicer Business Day, on the immediately succeeding Servicer Business Day), beginning with [*Month*], 2026, the Servicer shall prepare and deliver to the Issuer, the Indenture Trustee and the Rating Agencies a written report substantially in the form of Exhibit A hereto (a "Monthly Servicer's Certificate") setting forth certain information relating to SAC Charge Payments received by the Servicer during the Collection Period corresponding to the immediately preceding month; provided, however, that for any month in which the Servicer is required to deliver a Servicer's Certificate pursuant to Section 4.01(d)(ii), the Servicer shall prepare and deliver the Monthly Servicer's Certificate no later than the date of delivery of such Servicer's Certificate.

(ii) Notification of Laws and Regulations. The Servicer shall promptly notify the Issuer, the Indenture Trustee and the Rating Agencies in writing, if such Servicer becomes aware of any Requirement of Law or Commission Regulations hereafter promulgated that have a material adverse effect on the Servicer's ability to perform its duties under this Agreement.

(iii) Other Information. Upon the reasonable request of the Issuer, the Indenture Trustee or any Rating Agency, the Servicer shall provide to the Issuer, the Indenture Trustee or such Rating Agency, as the case may be, any public financial information in respect of the Servicer, or any material information regarding the SAC Property to the extent it is reasonably available to the Servicer

without undue cost or burden, as may be reasonably necessary and permitted by law to enable the Issuer, the Indenture Trustee or the Rating Agencies to monitor the performance by the Servicer hereunder; provided, however, that any such request by the Indenture Trustee shall not create any obligation for the Indenture Trustee to monitor the performance of the Servicer. In addition, so long as any of the SAC Bonds are outstanding, the Servicer shall provide the Issuer and the Indenture Trustee, within a reasonable time after written request therefor, any information available to the Servicer or reasonably obtainable by it without undue cost or burden that is necessary to calculate the SAC Charges applicable to each Customer Class.

(iv) Preparation of Reports. The Servicer shall prepare and deliver such additional reports as required under this Agreement, including a copy of each Servicer's Certificate described in Section 4.01(d)(ii), the Annual Compliance Certificate described in Section 3.03, and the Annual Accountant's Report described in Section 3.04. In addition, the Servicer shall prepare, procure, deliver and/or file, or cause to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the SEC (and/or any other Governmental Authority) by the Issuer or the Sponsor under the U.S. federal securities laws or other applicable laws or in accordance with the Basic Documents, including, but without limiting the generality of foregoing, filing with the SEC, if applicable and required by applicable law, a copy or copies of (A) the Monthly Servicer's Certificates described in Section 3.01(b)(i) (under Form 10-D or any other applicable form), (B) the Servicer's Certificates described in Section 4.01(d)(ii) (under Form 10-D or any other applicable form), (C) the annual statements of compliance, attestation reports and other certificates described in Section 3.03, and (D) the Annual Accountant's Report (and any attestation required under Regulation AB) described in Section 3.04. In addition, the appropriate officer or officers of the Servicer shall (in its separate capacity as Servicer) sign the Sponsor's annual report on Form 10-K (and any other applicable SEC or other reports, attestations, certifications and other documents), to the extent that the Servicer's signature is required by, and consistent with, the U.S. federal securities laws and/or any other applicable law.

(c) Opinions of Counsel. The Servicer shall obtain on behalf of the Issuer and deliver to the Issuer and to the Indenture Trustee:

(i) promptly after the execution and delivery of this Agreement and of each amendment hereto, an Opinion of Counsel from external counsel of the Issuer either (A) to the effect that, in the opinion of such counsel, all filings, including filings with the Secretary of State and all filings pursuant to the UCC, that are necessary under the UCC and the Securitization Law to perfect or maintain, as applicable, the Liens of the Indenture Trustee in the SAC Property have been authorized, executed and filed, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve, protect and perfect such Liens; and

(ii) no later than March 31 of each calendar year (beginning with the calendar year beginning January 1, 2027), an Opinion of Counsel from external counsel of the Issuer either: (A) to the effect that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of the Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the execution and filing of any filings with the Commission, the Secretary of State, under the Securitization Law and the Financing Order and any financing statements and continuation statements as are necessary to maintain the Lien and first priority perfected security interest created by the Indenture and reciting the details of such action; or (B) to the effect that, in the opinion of such counsel, no such action is necessary to maintain such Lien and security interest. Such Opinion of Counsel shall also describe the recording, filing, re-recording and refiling of the Indenture, any indentures supplemental hereto and any other requisite documents and the execution and filing of any filings with the Commission, the Secretary of State, financing statements and continuation statements that will, in the opinion of such counsel, be required within the twelve-month period following the date of such opinion to maintain the Lien and the first priority perfected security interest created by the Indenture and the Series Supplement.

Each Opinion of Counsel referred to in Section 3.01(c)(i) and (ii) above shall specify any action necessary (as of the date of such opinion) to be taken in the following year to preserve, protect and perfect such Liens. The costs of such Opinions of Counsel, are out-of-pocket costs of the Servicer which shall be Reimbursable Servicer Expenses reimbursable under the Indenture as Ongoing Financing Costs.

SECTION 3.02. Servicing and Maintenance Standards. On behalf of the Issuer, the Servicer shall:

(a) manage, service, administer and make collections in respect of the SAC Property with reasonable care and in material compliance with applicable Requirements of Law, including all applicable Commission Regulations, using the same degree of care and diligence that the Servicer exercises with respect to similar assets for its own account and, if applicable, for others;

(b) follow customary standards, policies and procedures for the electric transmission and distribution industry in the Commonwealth of Virginia in performing its duties as Servicer;

(c) use all reasonable efforts, consistent with its customary servicing procedures, to enforce, and maintain rights in respect of, the SAC Property and to impose, bill, charge, collect and receive the SAC Charges;

(d) comply with all Requirements of Law, including all applicable Commission Regulations and guidelines, applicable to and binding on it relating to the SAC Property;

(e) file and maintain the effectiveness of UCC financing statements with respect to the SAC Property transferred under the Sale Agreement; and

(f) take such other action on behalf of the Issuer to ensure that the Lien of the Indenture Trustee on the SAC Bond Collateral remains perfected and of first priority.

The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of all or any portion of the SAC Property, which, in the Servicer's judgment, may include the taking of legal action, at the Issuer's expense but subject to the priority of payments set forth in Section 8.02(e) of the Indenture.

SECTION 3.03. Annual Reports on Compliance with Regulation AB.

(a) The Servicer shall deliver to the Issuer, the Indenture Trustee and the Rating Agencies, on or before the earlier of (x) March 31 of each year, beginning March 31, 2027, or (y) with respect to each calendar year during which the Sponsor's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, the date on which the annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, certificates from a Responsible Officer of the Servicer (i) containing, and certifying as to, the statements of compliance required by Item 1123 (or any successor or similar items or rule) of Regulation AB, as then in effect (the "Annual Compliance Certificate"), which may be in the form attached hereto as Exhibit C-1, and (ii) containing, and certifying as to, the statements and assessment of compliance required by Item 1122(a) (or any successor or similar items or rule) of Regulation AB, as then in effect (the "Certificate of Compliance"), which may be in the form attached hereto as Exhibit C-2, in each case, with such changes as may be required to conform to the applicable U.S. federal securities law.

(b) The Servicer shall use commercially reasonable efforts to obtain, from each other party participating in the servicing function, any additional certifications as to the statements and assessment required under Item 1122 or Item 1123 of Regulation AB (or any successor or similar item or rule) to the extent required in connection with the filing of the annual report on Form 10-K referred to above; provided, however, that a failure to obtain such certifications shall not be a breach of the Servicer's duties hereunder. The parties acknowledge that the Indenture Trustee's certifications shall be limited to the Item 1122 certifications described in Exhibit C of the Indenture.

(c) The initial Servicer, in its capacity as Sponsor, shall post on its website and file with or furnish to the SEC, in periodic reports and other reports as are required from time to time under Section 13 or Section 15(d) of the Exchange Act, the information described in Section 3.07(g) of the Indenture to the extent such information is reasonably available to the Depositor. Except to the extent permitted by applicable law, the initial Servicer, in its capacity as Sponsor, shall not voluntarily suspend or terminate its filing obligations as Depositor with the SEC as described in this Section 3.03(c). The covenants of the initial Servicer, in its capacity as Sponsor, pursuant to this Section 3.03(c) shall survive the resignation, removal or termination of the initial Servicer as Servicer hereunder.

SECTION 3.04. Annual Report by Independent Registered Public Accountants.

(a) The Servicer shall cause a firm of Independent registered public accountants (which may provide other services to the Servicer or the Seller) to prepare annually, and the Servicer shall deliver annually to the Issuer, the Indenture Trustee and the Rating Agencies on or before the earlier of (i) March 31 of each year, beginning March 31, 2027, or (ii) with respect to each calendar year during which the Depositor's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, the date on which the annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, a report (the "Annual Accountant's Report") regarding the Servicer's assessment of compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB during the immediately preceding twelve (12) months ended December 31 (or, in the case of the first Annual Accountant's Report to be delivered on or before March 31, 2027, the period of time from the date of this Agreement until December 31, 2026), in accordance with paragraph (b) of Rule 13a-18 and Rule 15d-18 of the Exchange Act and Item 1122 of Regulation AB, identifying the results of such procedures and including any exceptions noted. Such report shall be signed by an authorized officer of the Servicer and shall at a minimum address each of the servicing criteria specified in Exhibit C-1. In the event that the accounting firm providing such report requires the Indenture Trustee to agree or consent to the procedures performed by such firm, the Issuer shall direct the Indenture Trustee in writing to so agree; it being understood and agreed that the Indenture Trustee will deliver such letter of agreement or consent in conclusive reliance upon the written direction of the Issuer, and the Indenture Trustee will not make any independent inquiry or investigation as to, and shall have no obligation or liability in respect of the sufficiency, validity or correctness of such procedures.

(b) The Annual Accountant's Report delivered pursuant to Section 3.04(a) above shall also indicate that the accounting firm providing such report is independent of the Servicer in accordance with the rules of the Public Company Accounting Oversight Board, and shall include any attestation report required under Item 1122(b) of Regulation AB (or any successor or similar items or rule), as then in effect.

(c) The costs of the Annual Accountant's Report shall be Reimbursable Servicer Expenses reimbursable as an Operating Expense under the Indenture.

SECTION 3.05. Commission Annual Report.

(a) The Servicer shall prepare and submit to the Director of the Division of Utility Accounting and Finance of the Commission, no later than March 31 of each year (or such other date as may be required by the Commission or the Financing Order), an annual report covering the prior year (the "Commission Annual Report"). The Commission Annual Report shall be submitted in electronic format, with all schedules and supporting data provided in Microsoft Excel format, as required by the Financing Order. The Commission Annual Report shall include the following information for the reporting period, itemized by month and by dollar amount, and by FERC account where applicable a schedule:

(i) of the SAC Charges collected by the Servicer from Customers and remitted to the Issuer, by month and by dollar amount;

(ii) that quantifies the fees paid by the Issuer to the Servicer, by type of fee, by month, by FERC account where the proceeds from each fee are recorded on the Servicer's books, and by dollar amount;

(iii) that quantifies the Servicer's internal and external costs to carry out its responsibilities under the Servicing Agreement and the Administration Agreement, by agreement, by type of cost, by month, by FERC account where each cost is recorded on the Servicer's books, and by dollar amount; and

(iv) that quantifies any other charges or fees to or from the Servicer and the Issuer, by type of charge or fee, by month, by FERC account where each charge or fee is recorded on the Servicer's books, and by dollar amount.

(b) The Commission Annual Report shall (i) be certified by a Responsible Officer of the Servicer as to its accuracy and completeness and (ii) include such additional information as the Commission may reasonably request from time to time in connection with the administration and oversight of the SAC Charges, provided that such information is reasonably available to the Servicer without undue cost or burden.

SECTION 3.06. Monitoring of Third-Party Collectors. From time to time, until the Retirement of the SAC Bonds, the Servicer shall take all actions with respect to Third-Party Collectors required to be taken by the Servicer as set forth, if applicable, in any agreement with such Servicer, the Financing Order, and any Commission Regulations in effect from time to time and implement such additional procedures and policies as are necessary to ensure that the obligations of all Third-Party Collectors in connection with SAC Charges are properly enforced in accordance with, if applicable, the terms of any agreement with the Servicer, the Financing Order, and any Commission Regulations in effect from time to time. Such procedures and policies shall include the following:

(a) Maintenance of Records and Information. In addition to any actions required by the Financing Order, Commission Regulations or other applicable law, the Servicer shall, with respect to the Customers:

(i) maintain adequate records for promptly identifying and contacting any Third-Party Collector;

(ii) maintain records of end-user Customers which are billed by Third-Party Collectors to permit prompt transfer of billing responsibilities in the event of default by such Third-Party Collectors;

(iii) maintain adequate records for enforcing compliance by all Third-Party Collectors with their obligations with respect to the SAC Charges; and

(iv) provide to each Third-Party Collector such information necessary for such Third-Party Collector to confirm the Servicer's calculation of SAC Charges and remittances.

If there are any Third-Party Collectors, the Servicer shall update the records described above in this Section 3.06(a) no less frequently than quarterly.

(b) Credit and Collection Policies. The Servicer shall, to the fullest extent permitted under the Financing Order, impose such terms with respect to credit and collection policies applicable to Third-Party Collectors as may be reasonably necessary to prevent the then-current rating of the SAC Bonds from being downgraded, withdrawn or suspended. The Servicer shall, in accordance with and to the extent permitted by the Securitization Law, applicable Commission Regulations and the terms of the Financing Order, include and impose the above-described terms in any tariffs filed under the Securitization Law which would allow other utilities to issue single bills which include SAC Charges to Customers.

ARTICLE IV
SERVICES RELATED TO TRUE-UP ADJUSTMENTS AND NON-STANDARD TRUE-UP ADJUSTMENTS

SECTION 4.01. True-Up Adjustments and Non-Standard True-Up Adjustments. From time to time, until the Retirement of the SAC Bonds, the Servicer shall identify the need for, as applicable, an Annual True-Up Adjustment, a Semi-Annual or Quarterly True-Up Adjustment, an Interim True-Up Adjustment and a Non-Standard True-Up Adjustment and shall take all reasonable action to obtain and implement such adjustments, all in accordance with the following:

(a) Expected Amortization Schedule. The Expected Amortization Schedule for the SAC Bonds is attached hereto as Schedule 4.01(a). If the Expected Amortization Schedule is revised, the Servicer shall send a copy of such revised Expected Amortization Schedule to the Issuer, the Indenture Trustee and the Rating Agencies promptly thereafter.

(b) True-Up Adjustments.

(i) Annual True-Up Adjustment and Filings. No later than fifteen (15) days prior to each applicable Annual True-Up Adjustment Date, the Servicer will submit to the Commission a True-Up Adjustment Letter, which shall include: (A) the calculation of under-collections or over-collections, regardless of the proposed effective date for the Annual True-Up Adjustment; (B) the calculation of the Periodic Billing Requirement for the next twelve (12) months; (C) the sum of clauses (A) and (B) above, in order to determine an adjusted Periodic Billing Requirement for the next twelve (12) months; (D) the sum calculated in clause (C) above multiplied by the revenue allocation percentage then assigned to each Customer Class to determine the Periodic Bill Requirement for each SAC Rate

Class; (E) the quotient of the amount assigned to each Customer Class in clause (D) above by the forecasted energy (kWh) billing units or demand (kW) which may include adjustments for seasonality and Customer collection experience, as applicable, to determine the respective SAC Charge for each Customer Class. Notwithstanding the foregoing, for purposes of the first (1st) Periodic Billing Requirement, established through the Issuance Advice Letter, it may be calculated based upon a Collection Period greater or less than twelve (12) months, and the Periodic Billing Requirement calculated in the event any SAC Bonds remain outstanding following the Scheduled Final Payment Date may be calculated based upon a Collection Period of less than twelve (12) months. The Servicer shall perform the calculation of Annual True-Up Adjustment in accordance with the formula and procedures set forth in the True-Up Adjustment Letter, as may be amended from time to time with Commission approval, and make all required notice and other filings with the Commission to the reflect the revised SAC Charges, including any Securitization Financing Rider Adjustment. Such Annual True-Up Adjustment shall be implemented within thirty (30) days of the Servicer's filing with the Commission, subject to the Commission's right to review for mathematical or clerical errors, and no further action of the Commission shall be required prior to implementation, as provided in the Financing Order.

(ii) Semi-Annual or Quarterly True-Up Adjustment and Filings. The Servicer will implement a Semi-Annual or Quarterly True-Up Adjustment (in the same manner as provided for in Section 4.01(b)(i), except applying to the process the Semi-Annual or Quarterly True-Up Adjustment and Semi-Annual or Quarterly True-Up Adjustment Date in lieu of the Annual True-Up Adjustment and Annual True-Up Adjustment Date) no later than fifteen (15) days prior to the applicable Semi-Annual or Quarterly True-Up Adjustment Date if the Servicer forecasts that SAC Charge Collections during the current Calculation Period will be insufficient: (A) to make all scheduled payments of principal, interest, and other amounts in respect of the SAC Bonds on a timely basis; (B) to replenish any draws upon the Capital Subaccount; and/or (C) to pay Ongoing Financing Costs on a timely basis.

(iii) Interim True-Up Adjustment and Filings. In addition to the Annual True-Up Adjustment and the Semi-Annual or Quarterly True-Up Adjustment, the Servicer may implement an Interim True-Up Adjustment (in the same manner as provided for in Section 4.01(b)(i), except applying to the process the Interim True-Up Adjustment and Interim True-Up Adjustment Date in lieu of the terms Annual True-Up Adjustment and Annual True-Up Adjustment Date) at any time if the Servicer forecasts that SAC Charge Collections during the current Calculation Period will be insufficient to: (A) make all scheduled payments of principal, interest, and other amounts in respect of the SAC Bonds on a timely basis; (B) to replenish any draws upon the Capital Subaccount; and/or (C) to pay Ongoing Financing Costs on a timely basis or generally to correct any under-collection or over-collection in order to assure timely payment of the foregoing without over-collection. Such interim adjustments may be made from time to time, as determined by the Servicer.

(c) Non-Standard True-Up Adjustment. Upon the happening of a Significant Change, the Servicer may submit a Non-Standard True-Up Adjustment Rider to the Commission with a Non-Standard True-Up Adjustment Effective Date at least thirty (30) days after the date of each submission. If the Commission approves the Non-Standard True-Up Adjustment Rider or does not object for the reasons described in the Financing Order within the applicable thirty (30) day period for the Commission's response, the Servicer shall effect the corresponding Non-Standard True-Up Adjustment as of the Non-Standard True-Up Adjustment Effective Date. If the Commission objects to the Non-Standard True-Up Adjustment Rider for the reasons described in the Financing Order within such thirty (30) day period, the Servicer may review the reasons provided for the Commission's determination and, if the Non-Standard True-Up Adjustment Rider can be revised to resolve the Commission's reasons for the objection, the Servicer may submit a revised Non-Standard True-Up Adjustment Rider to the Commission for approval.

(d) Reports.

(i) Notification of Filings. Whenever the Servicer files a True-Up Adjustment Letter, Non-Standard True-Up Adjustment Rider or Securitization Financing Rider with the Commission, the Servicer shall send a copy of such filing (together with a copy of all notices and documents which, in the Servicer's reasonable judgment, are material to the adjustments effected by such True-Up Adjustment Letter, Non-Standard True-Up Adjustment Rider or Securitization Financing Rider, as applicable) to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith. If, for any reason any revised SAC Charges are not implemented and effective on the applicable date set forth in the True-Up Adjustment Letter, the Non-Standard True-Up Adjustment Rider or the Securitization Financing Rider, as applicable, the Servicer shall notify the Issuer, the Indenture Trustee and each Rating Agency by the end of the second (2nd) Servicer Business Day after such applicable date.

(ii) Servicer's Certificate. Not later than five (5) Servicer Business Days prior to each Payment Date or Special Payment Date, the Servicer shall deliver a draft of a written report substantially in the form of Exhibit B hereto (the "Servicer's Certificate") to the Indenture Trustee which shall include all of the following information (to the extent applicable) with respect to such Payment Date or Special Payment Date or the period since the previous Payment Date, as applicable:

(A) the amount of the payment to Holders allocable to principal, if any;

(B) the amount of the payment to Holders allocable to interest;

(C) the aggregate Outstanding Amount of the SAC Bonds, before and after giving effect to any payments allocated to principal reported under clause (A) above;

(D) the difference, if any, between the amount specified in clause (C) above and the Outstanding Amount specified in the Expected Amortization Schedule;

(E) any other transfers and payments to be made on such Payment Date or Special Payment Date, including amounts paid to the Indenture Trustee and to the Servicer; and

(F) the amounts on deposit in the Capital Subaccount and the Excess Funds Subaccount, after giving effect to the foregoing payments.

On or prior to each Payment Date or Special Payment Date, the Servicer shall deliver the final Servicer's Certificate to the Issuer, the Indenture Trustee and the Rating Agencies.

(iii) Reports to Customers.

(A) After each revised SAC Charge has gone into effect pursuant to any True-Up Adjustments or Non-Standard True-Up Adjustment, the Servicer shall, to the extent and in the manner and time frame required by applicable Commission Regulations, if any, cause to be prepared and delivered to Customers any required notices announcing such revised SAC Charge.

(B) The Servicer shall comply with the requirements of the Financing Order with respect to the identification of SAC Charges on Bills to ensure that each Customer's Bill contains the portion of SAC Charges applicable to the rate class and a separate line item including both the base rate of the Customer's electricity and the amount of the SAC Charge.

(C) The Servicer shall pay all costs of preparation and delivery incurred in connection with clauses (A) and (B) above, including printing and postage costs as the same may increase or decrease from time to time.

SECTION 4.02. Limitation of Liability.

(a) Issuer and the Servicer expressly agree and acknowledge that:

(i) In connection with any True-Up Adjustments or Non-Standard True-Up Adjustment, the Servicer is acting solely in its capacity as the servicing agent hereunder.

(ii) None of the Servicer, the Issuer or the Indenture Trustee is responsible in any manner for, and shall have no liability whatsoever as a result of, any action, decision, ruling or other determination made or not made, or any delay (other than any delay resulting from the Servicer's failure to make any filings required by Section 4.01 in a timely and correct manner or any breach by the Servicer of its duties under this Agreement that adversely affects the SAC Property, the True-Up Adjustments or the Non-Standard True-Up Adjustment), by the Commission in any way related to the SAC Property or in connection with any True-Up Adjustments or Non-Standard True-Up Adjustment, the subject of any filings under Section 4.01, any proposed True-Up Adjustments or Non-Standard True-Up Adjustment, or the approval of any revised SAC Charges and the scheduled adjustments thereto.

(iii) Except to the extent that the Servicer is liable under Section 6.02, the Servicer shall have no liability whatsoever relating to the calculation of any revised SAC Charges and the scheduled adjustments thereto, including as a result of any inaccuracy of any of the assumptions made in such calculation regarding expected energy usage volume and the Weighted Average Days Outstanding, write-offs and estimated expenses and fees of the Issuer, so long as the Servicer has acted in good faith and has not acted in a grossly negligent manner in connection therewith, nor shall the Servicer have any liability whatsoever as a result of any Person, including the Holders, not receiving any payment, amount or return anticipated or expected or in respect of any SAC Bonds generally.

(b) Notwithstanding the foregoing, this Section 4.02 shall not relieve the Servicer of liability for any misrepresentation by the Servicer under Section 6.01 or for any breach by the Servicer of its other obligations under this Agreement.

ARTICLE V
THE SAC PROPERTY

SECTION 5.01. Custody of SAC Property Records. To assure uniform quality in servicing the SAC Property and to reduce administrative costs, the Issuer hereby revocably appoints the Servicer, and the Servicer hereby accepts such appointment, to act as the agent of the Issuer as custodian of any and all documents and records that the Servicer shall keep on file, in accordance with its customary procedures, relating to the SAC Property, including copies of the Financing Order, Issuance Advice Letter, True-Up Adjustment Letter, the Non-Standard True-Up Adjustment Rider, and the Securitization Financing Rider and Securitization Financing Rider Adjustments relating thereto and all documents filed with the Commission in connection with any True-Up Adjustments or Non-Standard True-Up Adjustment and computational records relating thereto (collectively, the "SAC Property Records"), which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to all SAC Property.

SECTION 5.02. Duties of Servicer as Custodian.

(a) Safekeeping. The Servicer shall hold the SAC Property Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the SAC Property Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with this Agreement, the Sale Agreement and the Indenture. In performing its duties as a custodian, the Servicer shall act with reasonable care, using that degree of care and diligence that the Servicer exercises with respect to comparable assets that the Servicer services for itself or, if applicable, for others. The Servicer shall promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any material failure on its part to hold the SAC Property Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure. Nothing herein shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the SAC Property Records. The Servicer's duties to hold the SAC Property Records set forth in this Section 5.02, to the extent the SAC Property Records have not been previously transferred to a successor Servicer pursuant to Article VII, shall terminate one year and one day after the earlier of (i) the date on which the Servicer is succeeded by a successor Servicer in accordance with Article VII and (ii) the first date on which no SAC Bonds are Outstanding.

(b) Maintenance of and Access to Records. The Servicer shall maintain the SAC Property Records at 1 Riverside Plaza, Columbus, Ohio 43215 or 1051 East Cary St., Suite 1100, Richmond, Virginia 23219, or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least thirty (30) days prior to any change in location. The Servicer shall make available, as is reasonably required for the Indenture Trustee to perform its duties and obligations under the Indenture and the other Basic Documents, for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the SAC Property Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and which do not unreasonably interfere with the Servicer's normal operations. Nothing in this Section 5.02(b) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding the Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(b).

(c) Release of Documents. Upon instruction from the Indenture Trustee in accordance with the Indenture, the Servicer shall release any SAC Property Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable. Nothing in this Section 5.02(c) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding the Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(c).

(d) Defending SAC Property Against Claims. The Servicer, on behalf of the Issuer and the Holders, shall institute any action or proceeding reasonably necessary to compel performance by the Commission or the Commonwealth of Virginia under the Securitization Law or the Intercreditor Agreement with respect to the SAC Property; provided, however, that in circumstances in which the servicing procedures set out in Annex I apply, the provisions of this undertaking do not require the Servicer to act in a manner different from the manner that the servicing procedures require. The Servicer agrees to take such legal or administrative actions, including without limitation defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, as may be reasonably necessary to block or overturn any attempts to cause a repeal of, modification of, judicial invalidation of, or supplement to, the Securitization Law or the Financing Order which would be detrimental to the interests of the Holders or which would cause an impairment of the rights of the Issuer or the Holders. The costs of any action described in this Section 5.02(d) shall be payable from SAC Charge Collections as an Operating Expense (and shall not be deemed to constitute a portion of the Servicing Fee) in accordance with the Indenture. The Servicer's obligations pursuant to this Section 5.02(d) shall survive and continue notwithstanding that payment of such Operating Expense may be delayed pursuant to the terms of the Indenture; provided that the Servicer shall only be obligated to institute and maintain such action or proceedings if it is being reimbursed on a current basis for its costs and expenses in taking such actions in accordance with Section 8.02 of the Indenture, and is not required to advance its own funds to satisfy such obligations.

(e) Additional Litigation to Defend SAC Property. In addition to its obligations under Section 5.02(d), the Servicer shall, at its own expense, institute any action or proceeding necessary to compel performance by the Commission or the Commonwealth of Virginia of any of their respective obligations or duties under the Securitization Law or the Financing Order with respect to the SAC Property and SAC Charges. In any proceedings related to the exercise of the power of eminent domain by any municipality to acquire a portion of APCo's electric distribution facilities, the Servicer shall assert that the court ordering such condemnation must treat such municipality as a successor to APCo under the Securitization Law and Financing Order.

SECTION 5.03. Custodian's Indemnification. The Servicer as custodian shall indemnify the Issuer, any Independent Manager and the Indenture Trustee (for itself and for the benefit of the Holders) and each of their respective officers, directors, employees and agents for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "Indemnified Losses") that may be imposed on, incurred by or asserted against each such Person as the result of any grossly negligent act or omission in any way relating to the maintenance and custody by the Servicer, as custodian, of the SAC Property Records; provided, however, that the Servicer shall not be liable for any portion of any such amount resulting from the willful misconduct, bad faith or gross negligence of the Issuer, any Independent Manager or the Indenture Trustee, as the case may be.

Indemnification under this Section 5.03 shall survive resignation or removal of the Indenture Trustee or any Independent Manager and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorney's fees and expenses and reasonable fees, out-of-pocket expenses and costs incurred in connection with any action, claim or suit brought to enforce the Indenture Trustee's right to indemnification).

SECTION 5.04. Effective Period and Termination. The Servicer's appointment as custodian shall become effective as of the Closing Date and shall continue in full force and effect until terminated pursuant to this Section 5.04. If the Servicer shall resign as Servicer in accordance with the provisions of this Agreement or if all of the rights and obligations of the Servicer shall have been terminated under Section 7.01, the appointment of the Servicer as custodian shall be terminated effective as of the date on which the termination or resignation of the Servicer is effective. Additionally, if not sooner terminated as provided above, the Servicer's obligations as custodian shall terminate one (1) year and one (1) day after the date on which no SAC Bonds are Outstanding.

ARTICLE VI
THE SERVICER

SECTION 6.01. Representations and Warranties of Servicer. The Servicer makes the following representations and warranties, as of the Closing Date, and as of such other dates as expressly provided in this Section 6.01, on which the Issuer and the Indenture Trustee are deemed to have relied in entering into this Agreement relating to the servicing of the SAC Property. The representations and warranties shall survive the execution and delivery of this Agreement, the sale of any SAC Property and the pledge thereof to the Indenture Trustee pursuant to the Indenture.

(a) Organization and Good Standing. The Servicer is duly organized and validly existing and is in good standing under the laws of the Commonwealth of Virginia, with the requisite corporate or other power and authority to own its properties as such properties are owned on the Closing Date and to conduct its business as such business is conducted by it on the Closing Date, and to execute, deliver and carry out the terms of this Agreement and the Intercreditor Agreement, and had at all relevant times, and has, the requisite power, authority and legal right to service the SAC Property and to hold the SAC Property Records as custodian.

(b) Due Qualification. The Servicer is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the SAC Property as required by this Agreement and the Intercreditor Agreement) requires such qualifications, licenses or approvals (except where the failure to so qualify would not be reasonably likely to have a material adverse effect on the Servicer's business, operations, assets, revenues or properties or to its servicing of the SAC Property).

(c) Power and Authority. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Servicer under its organizational or governing documents and laws.

(d) Binding Obligation. Each of this Agreement and the Intercreditor Agreement constitutes a legal, valid and binding obligation of the Servicer enforceable against the Servicer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the Intercreditor Agreement (to the extent applicable to the Servicer's responsibilities thereunder) and the fulfillment of the terms of each will not conflict with, result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the organizational documents of the Servicer, or any indenture or other agreement or instrument to which the Servicer is a party or by which it or any of its property is bound; nor result in the creation or imposition of any Lien upon any of its properties pursuant to the terms of any such indenture, agreement or other instrument (other than any Lien or security interest that may be granted under the Basic Documents or any Lien created pursuant to Section 56-249.8.E.2. of the Securitization Law); nor violate any existing law or any existing order, rule or regulation applicable to the Servicer of any Governmental Authority having jurisdiction over the Servicer or its properties.

(f) No Proceedings. There are no proceedings pending and, to the Servicer's knowledge, there are no proceedings threatened and, to the Servicer's knowledge, there are no investigations pending or threatened, before any Governmental Authority having jurisdiction over the Servicer or its properties involving or relating to the Servicer or the Issuer or, to the Servicer's knowledge, any other Person: (i) asserting the invalidity of this Agreement or any of the other Basic Documents, (ii) seeking to prevent the issuance of the SAC Bonds or the consummation of any of the transactions contemplated by this Agreement or any of the other Basic Documents, (iii) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability of, this Agreement, any of the other Basic Documents or the SAC Bonds or (iv) seeking to adversely affect the U.S. federal income tax or state income or franchise tax classification of the SAC Bonds as debt.

(g) Approvals. Except for the filings to be made under the Securitization Law, no governmental approval, authorization, consent, order or other action of, or filing with, any Governmental Authority is required in connection with the execution and delivery by the Servicer of this Agreement or the Intercreditor Agreement, the performance by the Servicer of the transactions contemplated hereby or thereby or the fulfillment by the Servicer of the terms of each, except those that have been obtained or made, those that the Servicer is required to make in the future pursuant to Article IV and those that the Servicer may need to file in the future to continue the effectiveness of any financing statement filed under the Securitization Law and the UCC.

(h) Reports and Certificates. Each report and certificate delivered in connection with the Issuance Advice Letter or delivered in connection with any filing made to the Commission by the Servicer on behalf of the Issuer with respect to the SAC Charges, True-Up Adjustments or Non-Standard True-Up Adjustment will constitute a representation and warranty by the Servicer that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that, to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the Servicer with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to the Servicer on the date such report or certificate is delivered).

SECTION 6.02. Indemnities of Servicer; Release of Claims.

(a) The Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Servicer under this Agreement.

(b) The Servicer shall indemnify the Issuer, the Indenture Trustee (for itself and for the benefit of the Holders) and any Independent Manager, and each of their respective trustees, officers, directors, employees and agents (each, an "Indemnified Person") for, and defend and hold harmless each such Person from and against, any and all Indemnified Losses imposed on, incurred by or asserted against any such Person as a result of (i) the Servicer's willful misconduct, bad faith or gross negligence in the performance of its duties or observance of its covenants under this Agreement or its reckless disregard of its obligations and duties under this Agreement or the Intercreditor Agreement, (ii) the Servicer's breach in any material respects of any of its representations and warranties contained in this Agreement or the Intercreditor Agreement that results in a Servicer Default, or (iii) any litigation or related expenses relating to the Servicer's status or obligations as Servicer (other than any proceeding the Servicer is required to institute under this Agreement), in each case, except to the extent of Indemnified Losses either resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder or resulting from a breach of a representation or warranty made by such Person seeking indemnification hereunder in any of the Basic Documents that gives rise to the Servicer's breach.

(c) For purposes of Section 6.02(b), in the event of the termination of the rights and obligations of APCo (or any successor thereto pursuant to Section 6.03) as Servicer pursuant to Section 7.01, or a resignation by such Servicer pursuant to this Agreement, such Servicer shall be deemed to be the Servicer pending appointment of a successor Servicer pursuant to Section 7.02.

(d) Indemnification under this Section 6.02 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Securitization Law or the Financing Order and shall survive the resignation or removal of the Indenture Trustee or any Independent Manager or the termination of this Agreement and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorney's fees and expenses and the reasonable fees, out-of-pocket expenses and costs incurred in connection with any action, claim or suit brought to enforce the Indenture Trustee's right to indemnification).

(e) Except to the extent expressly provided in this Agreement or the other Basic Documents (including the Servicer's claims with respect to: (i) the Servicing Fee; (ii) reimbursement for Reimbursable Servicer Expenses; (iii) reimbursement for any Excess Remittance; (iv) reimbursement for costs incurred pursuant to Section 5.02(d); and (v) the payment of the purchase price of SAC Property), the Servicer hereby releases and discharges the Issuer, any Independent Manager and the Indenture Trustee, and each of their respective officers, directors and agents (collectively, the "Released Parties") from any and all actions, claims and demands whatsoever, whenever arising, which the Servicer, in its capacity as Servicer or otherwise, shall or may have against any such Person relating to the SAC Property or the Servicer's activities with respect thereto other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

(f) Promptly after receipt by an Indemnified Person of notice (or, in the case of the Indenture Trustee, receipt of notice by a Responsible Officer only) of the commencement of any action, proceeding or investigation, for which indemnification by the Servicer under this Agreement shall apply, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicer under this Section 6.02, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Person under this Section 6.02 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.02, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defense of any such action, proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided that the Indemnified Person shall have the right to participate in such action, proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer's election to assume the defense of any action, proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel (including local counsel), and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel if: (i) the defendants in any such action include both the Indemnified Person and the Servicer and the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the Servicer; (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action; (iii) the Servicer shall authorize the Indemnified Person to employ one (1) separate counsel (plus one local counsel) at the expense of the Servicer; or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate.

(g) The Servicer will credit Customers to the extent there are higher SAC Charges, including any increase in the Servicing Fee that becomes payable to a successor Servicer pursuant to Section 6.06, as a result of a Servicer Default resulting from the Servicer's willful misconduct, bad faith or gross negligence in performance of its duties or observance of its covenants under this Agreement or the Servicer's failure to remit any required payment of SAC Charge Collections; provided, however, that any credit to Customers shall not impact the SAC Charges or the SAC Property. The Servicer's obligation to credit Customers will survive the termination of this Agreement. The requirement to credit customers set forth in this paragraph may be enforced by the Commission but is not enforceable by any Customer.

SECTION 6.03. Binding Effect of Servicing Obligations. The obligations to continue to provide service and to collect and account for SAC Charges will be binding upon the Servicer and any other entity that provides transmission and distribution services or direct wire services to a Person that is a Customer of APCo or any successor Servicer so long as the SAC Charges have not been fully collected and remitted. Any Person:

(a) into which the Servicer may be merged, converted or consolidated and which is a Jurisdictional Successor;

(b) that may result from any merger, conversion or consolidation to which the Servicer shall be a party and which is a Jurisdictional Successor;

(c) that may succeed to the properties and assets of the Servicer in the Commonwealth of Virginia substantially as a whole;

(d) which results from the division of the Servicer into two or more Persons and which is a Jurisdictional Successor; or

(e) is otherwise a Jurisdictional Successor to Servicer;

which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that:

(i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 6.01 shall have been breached and no Servicer Default and no event which, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing,

(ii) the Servicer shall have delivered to the Issuer and the Indenture Trustee an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger, division or succession and such agreement of assumption complies with this Section 6.03 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with,

(iii) the Servicer shall have delivered to the Issuer, the Indenture Trustee and the Rating Agencies an Opinion of Counsel from external counsel of the Servicer either (A) stating that, in the opinion of such counsel, all filings to be made by the Servicer, including filings with the Commission pursuant to the Securitization Law and the UCC, have been executed (if applicable) and filed and are in full force and effect that are necessary to fully preserve, perfect and maintain the priority of the interests of the Issuer and the Liens of the Indenture Trustee in the SAC Property and reciting the details of such filings or (B) stating that, in the opinion of such counsel, no such action shall be necessary to maintain such interests,

(iv) the Servicer shall have delivered to the Issuer, the Indenture Trustee and the Rating Agencies an Opinion of Counsel from independent tax counsel stating that, for U.S. federal income tax purposes, such consolidation, conversion, merger, division or succession and such agreement of assumption will not result in a material U.S. federal income tax consequence to the Issuer or the Holders of SAC Bonds, and

(v) the Servicer shall have given the Rating Agencies prior written notice of such transaction.

When any Person (or more than one Person) acquires the properties and assets of the Servicer in the Commonwealth of Virginia substantially as a whole or otherwise becomes the successor to the Servicer in accordance with the terms of this Section 6.03, then upon satisfaction of all of the other conditions of this Section 6.03, the preceding Servicer shall automatically and without further notice be released from all its obligations hereunder.

SECTION 6.04. Limitation on Liability of Servicer and Others.

(a) Except as otherwise provided under this Agreement, neither the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment; provided, however, that this provision shall not protect the Servicer or any such person against any liability that would otherwise be imposed by reason of willful misconduct, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties under this Agreement or the Intercreditor Agreement. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(b) Except as provided in this Agreement, including but not limited to Sections 5.02(d) and (e), the Servicer shall not be under any obligation to appear in, prosecute or defend any legal action relating to the SAC Property that is not directly related to one of the Servicer's enumerated duties in this Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability; provided, however, that the Servicer may, in respect of any Proceeding, undertake any action that it is not specifically identified in this Agreement as a duty of the Servicer but that the Servicer reasonably determines is necessary or desirable in order to protect the rights and duties of the Issuer or the Indenture Trustee under this Agreement and the interests of the Holders and Customers under this Agreement. The Servicer's costs and expenses incurred in connection with any such proceeding shall be payable from SAC Charge Collections as an Operating Expense (and shall not be deemed to constitute a portion of the Servicing Fee) in accordance with the Indenture. The Servicer's obligations pursuant to this Section 6.04 shall survive and continue notwithstanding that payment of such Operating Expense may be delayed pursuant to the terms of the Indenture (it being understood that the Servicer may be required initially to advance its own funds to satisfy its obligations hereunder).

SECTION 6.05. APCo Not to Resign as Servicer. Subject to the provisions of Section 6.03, APCo shall not resign from the obligations and duties hereby imposed on it as Servicer under this Agreement unless APCo delivers to the Indenture Trustee an opinion of external counsel to the effect that APCo's performance of its duties under this Agreement shall no longer be permissible under applicable law. No such resignation shall become effective until a successor Servicer shall have assumed the responsibilities and obligations of APCo in accordance with Section 7.02.

SECTION 6.06. Servicing Compensation.

(a) In consideration for its services hereunder, until the Retirement of the SAC Bonds, the Servicer shall receive an annual fee (the "Servicing Fee") in an amount equal to (i) for so long as APCo or an Affiliate of APCo is the Servicer, 0.05% of the aggregate initial principal amount of all Outstanding SAC Bonds or (ii) if neither APCo nor any of its Affiliates is the Servicer, an amount agreed upon by the successor Servicer and the Indenture Trustee (acting at the written direction of the Holders of a majority in the principal amount of the Outstanding SAC Bonds) not to, unless the Commission consents to such higher amount, exceed 0.60% of the aggregate initial principal amount of all Outstanding SAC Bonds. The Servicing Fee owing shall be calculated based on the initial principal amount of the SAC Bonds. In addition, the Servicer shall be entitled to be reimbursed by the Issuer for filing fees and fees and expenses for printing, attorneys, accountants or other professional services retained by, and other incremental out-of-pocket third-party costs of, the Issuer and paid for by the Servicer (or procured by the Servicer on behalf of the Issuer and paid for by the Servicer) to meet the Issuer's obligations under the Basic Documents ("Reimbursable Servicer Expenses").

(b) The Servicing Fee set forth in Section 6.06(a) shall be paid to the Servicer by the Indenture Trustee, semi-annually, with half of the Servicing Fee being paid on each Payment Date (which amount will be pro-rated for the first and final Payment Date) in accordance with the priorities set forth in Section 8.02(e) of the Indenture, by wire transfer of immediately available funds from the Collection Account to an account designated by the Servicer. Any portion of the Servicing Fee not paid on any such date shall be added to the Servicing Fee payable on the subsequent Payment Date. In no event shall the Indenture Trustee be liable for the payment of any Servicing Fee or other amounts specified in this Section 6.06; provided that this Section 6.06 does not relieve the Indenture Trustee of any duties it has to allocate funds for payment for such fees under Section 8.02 of the Indenture.

(c) Other than Reimbursable Servicer Expenses and except as otherwise expressly provided elsewhere in this Agreement, the Servicer shall be required to pay from its own account expenses incurred by the Servicer in connection with its activities hereunder (including any fees to and disbursements by accountants, counsel, or any other Person, any taxes imposed on the Servicer and any expenses incurred in connection with reports to Holders, but excluding any costs and expenses incurred by APCo in its capacity as Administrator) out of the compensation retained by or paid to it pursuant to this Section 6.06, and shall not be entitled to any extra payment or reimbursement therefor.

(d) The foregoing Servicing Fee constitutes a fair and reasonable compensation for the obligations to be performed by the Servicer. Such Servicing Fee shall be determined without regard to the income of the Issuer, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Issuer and shall be considered a fixed Operating Expense of the Issuer subject to the limitations on such expenses set forth in the Financing Order.

(e) Any Servicing Fee (and, if applicable, Administration Fee) received by the Servicer under this Agreement or the Administration Agreement that exceed the Servicer's or Administrator's incremental cost of performing the respective functions shall be credited back to Customers in the next base rate case in which such costs and revenues are included in the Servicer's or Administrator's cost of service, but only to the extent such crediting does not impair the targeted highest credit ratings on the SAC Bonds.

SECTION 6.07. Compliance with Applicable Law. The Servicer covenants and agrees, in servicing the SAC Property, to comply in all material respects with all laws applicable to, and binding upon, the Servicer and relating to the SAC Property the noncompliance with which would have a material adverse effect on the value of the SAC Property; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the Servicer for noncompliance with any Requirement of Law that the Servicer is contesting in good faith in accordance with its customary standards and procedures. It is expressly acknowledged that the payment of fees to the Rating Agencies shall be at the expense of the Issuer and that, if the Servicer advances such payments to the Rating Agencies, such advancements shall constitute Reimbursable Servicer Expenses and the Issuer shall reimburse the Servicer for any such advances.

SECTION 6.08. Access to Certain Records and Information Regarding SAC Property. The Servicer shall provide to the Indenture Trustee access to the SAC Property Records as is reasonably required for the Indenture Trustee to perform its duties and obligations under the Indenture and the other Basic Documents, and shall provide access to such records to the Holders as required by applicable law. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the respective offices of the Servicer. Nothing in this Section 6.08 shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding the Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 6.08.

SECTION 6.09. Appointments. The Servicer may at any time appoint any Person to perform all or any portion of its obligations as Servicer hereunder; provided, however, that, unless such Person is an Affiliate of APCo, the Rating Agency Condition shall have been satisfied in connection therewith; provided further that the Servicer shall remain obligated and be liable under this Agreement for the servicing and administering of the SAC Property in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the SAC Property. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time and none of the Issuer, the Indenture Trustee, the Holders or any other Person shall have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a Servicer resignation under Section 6.05.

SECTION 6.10. No Servicer Advances. The Servicer shall not make any advances of interest on or principal of the SAC Bonds.

SECTION 6.11. Remittances.

(a) On each Servicer Business Day, commencing [*insert initial Weighted Average Days Outstanding*] days after the Closing Date, the Servicer shall remit to the General Subaccount of the Collection Account the total SAC Charge Payments estimated to have been received by the Servicer from or on behalf of Customers on such Servicer Business Day in respect of all previously billed SAC Charges (the "Daily Remittance"), which Daily Remittance shall be calculated according to the procedures set forth in Annex I and shall be remitted as soon as reasonably practicable but in no event later than the second Servicer Business Day after such payments are estimated to have been received. Prior to each remittance to the General Subaccount of the Collection Account pursuant to this Section 6.11, the Servicer shall provide written notice to the Indenture Trustee of each such remittance (including the exact dollar amount to be remitted). The Servicer shall also, promptly upon receipt, remit to the Collection Account any other proceeds of the SAC Bond Collateral which it may receive from time to time.

(b) The Servicer agrees and acknowledges that it holds all SAC Charge Payments collected by it and any other proceeds for the SAC Bond Collateral received by it for the benefit of the Indenture Trustee and the Holders and that all such amounts will be remitted by the Servicer in accordance with this Section 6.11 without any surcharge, fee, offset, charge, withholding or other deduction except (i) as set forth in clause (c) below and (ii) as permitted by Section 6.06. The Servicer further agrees not to make any claim to reduce its obligation to remit all SAC Charge Payments collected by it in accordance with this Agreement except (i) as set forth in clause (c) below and (ii) as permitted by Section 6.06.

(c) On or before the twenty-fifth calendar day of each calendar month (or, if such day is not a Servicer Business Day, on the immediately succeeding Servicer Business Day) commencing with [*Month*], 2026, the Servicer shall, in the Monthly Servicer's Certificate, calculate the amount of any Remittance Shortfall or Excess Remittance for the Collection Period corresponding to the immediately preceding calendar month, and (A) if a Remittance Shortfall exists, the Servicer shall make a supplemental remittance, in the amount of the Remittance Shortfall, to the General Subaccount of the Collection Account within five (5) Servicer Business Days after the delivery of the applicable Monthly Servicer's Certificate, or (B) if an Excess Remittance exists, the Servicer shall be entitled either (i) to reduce the amount of each Daily Remittance which the Servicer subsequently remits to the General Subaccount of the Collection Account for application to the amount of such Excess Remittance until the balance of such Excess Remittance has been reduced to zero, with the amount of such reduction becoming the property of the Servicer or (ii) so long as such withdrawal would not cause the amounts on deposit in the General Subaccount or the Excess Funds Subaccount to be insufficient for the payment of the next installment of interest on the SAC Bonds or principal due at maturity on the next Payment Date or upon acceleration on or before the next Payment Date, to be paid immediately from the General Subaccount or Excess Funds Subaccount the amount of such Excess Remittance, with such payment becoming the property of the Servicer. If there is a Remittance Shortfall, the amount which the Servicer remits to the General Subaccount of the Collection Account on the relevant date set forth above shall be increased by the amount of such Remittance Shortfall, such increase coming from the Servicer's own funds.

(d) Unless otherwise directed to do so by the Issuer, the Servicer shall be responsible for selecting Eligible Investments in which the funds in each Collection Account shall be invested pursuant to Section 8.03 of the Indenture.

SECTION 6.12. Maintenance of Operations. Subject to Section 6.03, Servicer agrees to use commercially reasonable efforts to continue, unless prevented by circumstances beyond its control, to operate its electric transmission and distribution system to provide service (or, if transmission and distribution are split, to provide wire service directly to Customers) so long as it is acting as the Servicer under this Agreement.

SECTION 6.13. Tracing and Segregation of SAC Charge Collections.

(a) The Servicer shall implement and maintain a specific billing code or identifier for SAC Charges on its billing system. This billing code shall be used for all SAC Charges billed to Customers and shall be sufficient to enable the identification and segregation of SAC Charges from all other charges on Customer bills and in the Servicer's accounting and remittance systems.

(b) The Servicer shall ensure that all amounts collected from Customers in respect of SAC Charges are deposited into one or more designated collection accounts established for the benefit of the Indenture Trustee and the Holders, as required by the Indenture and this Agreement.

(c) The Servicer shall maintain records sufficient to determine, at all times, the identifiable cash proceeds of any SAC Property. Such records shall include: (i) the amount of SAC Charges billed and collected; (ii) the application of the specific billing code to each SAC Charge; (iii) the deposit of such collections into the designated collection accounts as specified in the Indenture; and (iv) the reconciliation of SAC Charge Collections with amounts remitted to the Indenture Trustee. The Servicer shall maintain these records in a manner that allows for the tracing of funds collected as SAC Charges from the point of billing through deposit and remittance.

ARTICLE VII
DEFAULT

SECTION 7.01. Servicer Default. If any one or more of the following events (a "Servicer Default") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account on behalf of the Issuer any required remittance that shall continue unremedied for a period of five (5) Business Days after the earlier of the date on which (i) written notice of such failure is received by the Servicer from the Issuer or the Indenture Trustee or (ii) such failure is actually known by a Responsible Officer of the Servicer; or

(b) any failure on the part of the Servicer duly to observe or to perform in any material respect any covenants or agreements of the Servicer as set forth in this Agreement (other than as provided in Sections 7.01(a) and (b)) or any other Basic Document to which it is a party, which failure shall (i) materially and adversely affect the rights of the Holders and (ii) continue unremedied for a period of sixty (60) days after the earlier of the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Issuer (with a copy to the Indenture Trustee) or to the Servicer by the Indenture Trustee or (B) such failure is actually known by a Responsible Officer of the Servicer; or

(c) any failure in any material respect by the Servicer duly to perform its obligations under Section 4.01(b) of this Agreement in the time and manner set forth therein, which failure continues unremedied for a period of five (5) Business Days; or

(d) any representation or warranty made by the Servicer in this Agreement or any other Basic Document shall prove to have been incorrect in any material respect when made, which has a material adverse effect on the Holders and which material adverse effect continues unremedied for a period of sixty (60) days after the earlier of the date on which (A) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer (with a copy to the Indenture Trustee) by the Issuer or the Indenture Trustee or (B) such failure is actually known to a Responsible Officer of the Servicer; or

(e) an Insolvency Event occurs with respect to the Servicer;

then, and in each and every case, so long as the Servicer Default shall not have been remedied, the Indenture Trustee acting under the Indenture may (if it is actually known by a Responsible Officer of the Indenture Trustee) or, upon the written instruction of the Holders evidencing not less than a majority of the Outstanding Amount of the SAC Bonds, shall, in each case by notice then given in writing to the Servicer (and to the Indenture Trustee if given by the Holders) (a "Termination Notice"), terminate all the rights and obligations of the Servicer under this Agreement (other than the obligations set forth in Section 6.02 and the obligation under Section 7.02 to continue performing its functions as Servicer until a successor Servicer is appointed). The appointment of any successor Servicer shall be subject to the terms and provisions of the Intercreditor Agreement. In addition, upon a Servicer Default described in Section 7.01(a), the Holders and the Indenture Trustee as financing parties under the Securitization Law (or any of their representatives) shall be entitled to (i) apply to the Commission or the court of the City of Richmond, Virginia, for sequestration and payment of revenues arising with respect to the SAC Property and (ii) foreclose on or otherwise enforce the lien and security interests in any SAC Property. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the SAC Bonds, the SAC Property, the SAC Charges or otherwise, shall, without further action, pass to and be vested in such successor Servicer as may be appointed under Section 7.02; and, without limitation, the Indenture Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of the SAC Property Records and related documents, or otherwise. The predecessor Servicer shall cooperate with the successor Servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the successor Servicer for administration by it of all SAC Property Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the SAC Property or the SAC Charges. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the SAC Property Records to the successor Servicer. In case a successor Servicer is appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable attorney's fees and expenses) incurred in connection with transferring the SAC Property Records to the successor Servicer and amending this Agreement to reflect such succession as Servicer pursuant to this Section 7.01 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of APCo as Servicer shall not terminate APCo's rights or obligations under the Sale Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

SECTION 7.02. Appointment of Successor.

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.01 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, and shall be entitled to receive the requisite portion of the Servicing Fee and Reimbursable Servicer Expenses, until a successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Indenture Trustee shall, upon the written direction and with the consent of the Holders of at least a majority of the Outstanding Amount of the SAC Bonds, shall, appoint a successor Servicer with the Issuer's prior written consent thereto (which consent shall not be unreasonably withheld), and the successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer and the Indenture Trustee (acting at the written direction of the Holders of a majority in the principal amount of the Outstanding SAC Bonds) and provide prompt written notice of such assumption to the Issuer and the Rating Agencies. If within thirty (30) days after the delivery of the Termination Notice, a new Servicer shall not have been appointed, the Indenture Trustee may, or, upon the written direction of the Holders of not less than a majority of SAC Bonds, shall, in each case petition the Commission or a court of competent jurisdiction to appoint a successor Servicer under this Agreement. Except as permitted by Section 6.03, a Person shall qualify as a successor Servicer only if (i) such Person is permitted under Commission Regulations to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied and (iii) such Person enters into a servicing agreement with the Issuer having substantially the same provisions as this Agreement (as the Servicer). In no event shall the Indenture Trustee be liable for its appointment of a successor Servicer. The Indenture Trustee's expenses incurred under this Section 7.02(a) shall be at the sole expense of the Issuer and payable from the Collection Account as provided in Section 8.02 of the Indenture.

(b) Upon appointment, the successor Servicer shall be the successor in all respects to the predecessor Servicer under this Agreement and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to the Servicing Fee and reimbursement of the Reimbursable Servicer Expenses and all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

SECTION 7.03. Waiver of Past Defaults. The Indenture Trustee, acting at the written direction of the Holders evidencing not less than a majority of the Outstanding Amount of the SAC Bonds, may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required deposits to the Collection Account in accordance with this Agreement. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Promptly after the execution of any such waiver, the Servicer shall furnish copies of such waiver to each of the Rating Agencies.

SECTION 7.04. Notice of Servicer Default. The Servicer shall deliver to the Issuer, the Indenture Trustee, the Commission and the Rating Agencies, promptly after having obtained knowledge thereof, but in no event later than five (5) Business Days thereafter, written notice of any event which, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.01.

SECTION 7.05. Cooperation with Successor. The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the successor Servicer in performing its obligations hereunder. All reasonable costs and expenses (including reasonable attorneys' fees and expenses) incurred by the Servicer in connection with this Section 7.05 shall be paid by the Issuer or the successor Servicer from SAC Charge Collections available under the Indenture, following presentation of reasonable documentation of such costs and expenses.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

SECTION 8.01. Amendment.

(a) This Agreement may be amended in writing by the Servicer and the Issuer with the prior written consent of the Indenture Trustee and the satisfaction of the Rating Agency Condition; provided that any such amendment may not, as evidenced by an Officer's Certificate of the Servicer delivered to the Issuer and the Indenture Trustee, adversely affect in any material respect the interest of any Holder in any material respect without the consent of the Holders of not less than a majority of the outstanding principal amount of the SAC Bonds. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

(b) In addition, this Agreement may be amended in writing by the Servicer and the Issuer with ten (10) Business Days' prior written notice given to the Rating Agencies and the Indenture Trustee, without the consent of any of the Holders, (i) to cure any ambiguity, to correct or supplement any provisions in this Agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in this Agreement or of modifying in any manner the rights of the Holders; provided, however, that such action shall not, as evidenced by an Officer's Certificate of the Servicer delivered to the Issuer and the Indenture Trustee, adversely affect in any material respect the interests of any Holder or (ii) to conform the provisions hereof to the description of this Agreement in the Prospectus. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

(c) Prior to the execution of any amendment to this Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and conclusively rely upon an Opinion of Counsel of external counsel stating that such amendment is authorized or permitted by this Agreement and upon the Opinion of Counsel from external counsel referred to in Section 3.01(c)(i). The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment which affects their own rights, duties, indemnities or immunities under this Agreement or otherwise.

(d) Notwithstanding Sections 8.01(a) through (c), or anything to the contrary in this Agreement, the Servicer and the Issuer may amend Annex I to this Agreement in writing with prior written notice given to the Indenture Trustee and the Rating Agencies, but without the consent of the Indenture Trustee, any Rating Agency or any Holder, solely to address changes to the Servicer's method of calculating SAC Charge Payments as a result of changes to the Servicer's current computerized customer information system, including changes which would replace the remittances contemplated by the estimation procedures set forth in Annex I with remittances of SAC Charge Collections determined to have been actually received, or to address the manner of presenting SAC Charges on the Bills of Customers; provided that any such amendment shall not, as evidenced by an Officer's Certificate of the Seller delivered to the Issuer and the Indenture Trustee, have a material adverse effect on the Holders of then Outstanding SAC Bonds.

(e) It shall not be necessary for the consent of Holders pursuant to this Article to approve the particular form of any proposed amendment or consent, but it shall be sufficient if such consent shall approve the substance thereof.

(f) Any Opinion of Counsel may be based, insofar as it relates to factual matters (including financial and capital markets), upon a certificate or opinion of, or representations by, an officer or officers of the Servicer or the Issuer and other documents necessary and advisable in the judgment of counsel delivering such opinion.

SECTION 8.02. Maintenance of Accounts and Records.

(a) The Servicer shall maintain accounts and records as to the SAC Property accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between SAC Charge Payments received by the Servicer and SAC Charge Collections from time to time deposited in the Collection Account.

(b) The Servicer shall permit the Indenture Trustee and its agents at any time during normal business hours, upon reasonable notice to the Servicer and to the extent it does not unreasonably interfere with the Servicer's normal operations, to inspect, audit and make copies of and abstracts from the Servicer's records regarding the SAC Property and the SAC Charges. Nothing in this Section 8.02(b) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding the Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 8.02(b).

SECTION 8.03. Notices. Unless otherwise specifically provided herein, all demands, notices and communications upon or to the Servicer, the Issuer, the Commission, the Indenture Trustee or the Rating Agencies under this Agreement shall be sufficiently given for all purposes hereunder if in writing and delivered personally, sent by documented delivery service or, to the extent receipt is confirmed telephonically, sent by email or other form of electronic transmission:

(a) in the case of the Servicer, to Appalachian Power Company, at 1 Riverside Plaza, Columbus, Ohio 43215, Attention: Treasurer, Telephone: (614) 716-1000, Email: Treasury_Operatoins_AEP@aep.com;

(b) in the case of the Issuer, to Appalachian Power Recovery Funding LLC, at 1051 East Cary St., Suite 1100, Richmond, Virginia 23219, Attention: Managers, Telephone: [●], Email: Treasury_Operatoins_AEP@aep.com;

(c) in the case of the Indenture Trustee or a Responsible Officer of the Indenture Trustee, at the Corporate Trust Office;

(d) in the case of the Commission, to State Corporation Commission of the Commonwealth of Virginia, [Address], Telephone: [●], Email: [●];

(e) in the case of Moody's, to Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 24th Floor, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Email: ServicerReports@moodys.com (all such notices to be delivered to Moody's in writing by email), and solely for the purposes of Rating Agency Condition communications: abscormonitoring@moodys.com;

(f) in the case of Standard & Poor's, to Standard & Poor's Ratings Group, Inc., Structured Credit Surveillance, 55 Water Street, New York, New York 10041, Telephone: (212) 438-8991, Email: servicer_reports@spglobal.com (all such notices to be delivered to Standard & Poor's in writing by email); or

(g) as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

SECTION 8.04. Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 6.03 and as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the Servicer.

SECTION 8.05. Limitations on Rights of Others. The provisions of this Agreement are solely for the benefit of the Servicer and the Issuer and, to the extent provided herein or in the Basic Documents, Customers, the Indenture Trustee (on behalf of itself and the Secured Parties), and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the SAC Property or SAC Bond Collateral or under or in respect of this Agreement or any covenants, conditions or provisions contained herein. Notwithstanding anything to the contrary contained herein, for the avoidance of doubt, any right, remedy or claim to which any Customer may be entitled pursuant to the Financing Order or pursuant to this Agreement may be asserted or exercised only by the Commission (or by its counsel in the name of the Commission) for the benefit of such Customer.

SECTION 8.06. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such a construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8.07. Separate Counterparts; Electronic Signatures. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Each party hereto agrees that this Agreement may be electronically signed, that any digital or electronic signatures appearing on this Agreement are the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and that delivery of any such electronic signature to, or a signed copy of, this Agreement may be made by facsimile, email or other electronic transmission.

SECTION 8.08. Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 8.09. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 8.10. Assignment to Indenture Trustee. (a) The Servicer hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Secured Parties pursuant to the Indenture of any or all of the Issuer's rights hereunder and (b) in no event shall the Indenture Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates delivered by the Issuer pursuant hereto, as to all of which any recourse shall be had solely to the assets of the Issuer subject to the availability of funds therefor under Section 8.02 of the Indenture.

SECTION 8.11. Nonpetition Covenants. Notwithstanding any prior termination of this Agreement or the Indenture, the Servicer shall not, prior to the date that is one (1) year and one (1) day after the satisfaction and discharge of the Indenture, acquiesce, petition or otherwise invoke or cause the Issuer to invoke or join with any Person in provoking the process of any Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any U.S. federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer for any substantial part of the property of the Issuer or ordering the dissolution, winding up or liquidation of the affairs of the Issuer.

SECTION 8.12. Limitation of Liability. It is expressly understood and agreed by the parties hereto that this Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee in the exercise of the powers and authority conferred and vested in it, and that the Indenture Trustee, in acting hereunder, is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

SECTION 8.13. Rule 17g-5 Compliance. The Servicer agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Servicer to any Rating Agency under this Agreement or any other Basic Document to which it is a party for the purpose of determining the initial credit rating of the SAC Bonds or undertaking credit rating surveillance of the SAC Bonds with any Rating Agency, or satisfy the Rating Agency Condition, shall be substantially concurrently posted by the Servicer on the 17g-5 Website.

SECTION 8.14. Final Distribution and Credit to Other Rates. Upon the Retirement of the SAC Bonds and payment in full of all related Financing Costs, any remaining balance in the Collection Account, after payment of all amounts due to the Servicer, the Indenture Trustee, and any other parties as provided in the Indenture, including the return of the capital contribution and any unpaid return on invested capital to APCo, shall be distributed to APCo. APCo shall, as soon as practicable following receipt of such funds, credit other electric rates and charges by a like amount, less the amount of the relevant capital subaccount and any unpaid return on invested capital due to APCo, in accordance with the requirements of the Financing Order.

SECTION 8.15. Indenture Trustee Action. In acting hereunder, the Indenture Trustee shall have the rights, privileges, protections, indemnities and immunities granted to it under the Indenture.

SECTION 8.16. Termination. This Agreement shall terminate when the Retirement of the SAC Bonds occurs and all related Financing Costs have been paid in full, unless terminated earlier pursuant to the terms of this Agreement.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

APPALACHIAN POWER RECOVERY FUNDING LLC,
as Issuer

By: _____
Name:
Title:

APPALACHIAN POWER COMPANY,
as Servicer

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, not in its individual capacity but solely as Indenture Trustee

By: _____
Name:
Title:

EXHIBIT A

MONTHLY SERVICER'S CERTIFICATE

See Attached.

EXHIBIT A

Monthly Servicer's Certificate

(to be delivered each month pursuant to **Section 3.01(b)(i)** of the Securitized Asset Cost Property Servicing Agreement)

APPALACHIAN POWER RECOVERY FUNDING LLC

Appalachian Power Company, as Servicer

Pursuant to the Securitized Asset Cost Property Servicing Agreement dated as of [•], 2026 (the "SAC Property Servicing Agreement") between Appalachian Power Company, as Servicer, and Appalachian Power Recovery Funding LLC, as Issuer, the Servicer does hereby certify as follows:

Collection Period:
Remittance Dates:

Customer Class	a. SAC Charges in Effect	b. Billed SAC Charges	c. Estimated SAC Charge Collections Received
Total			

Collection Period:

Customer Class	d. Estimated SAC Charge Collections Received Total	e. Actual SAC Charge Payments Received	f. Remittance Shortfall for immediately prior Collection Period	g. Excess Remittance for immediately prior Collection Period
Total				

h. Daily remittances previously made by the Servicer to the Collection Account in respect of this Collection Period (c):

i. The amount to be remitted by the Servicer to the Collection Account for this Collection Period is (c + f—g):

j. If (i>h), (i-h) equals net amount due from the Servicer to the Collection Amount:

k. If (h>i), (h-i) equals net amount due to the Servicer from the Collection Amount:

Capitalized terms used herein have their respective meanings set forth in the Securitized Asset Cost Property Servicing Agreement.

EXHIBIT A

In WITNESS HEREOF, the undersigned has duly executed and delivered this Monthly Servicer's Certificate the day of

APPALACHIAN POWER COMPANY,
as Servicer

_____
Name:
Title:

EXHIBIT A

EXHIBIT B

FORM OF SEMI-ANNUAL SERVICER'S CERTIFICATE

Pursuant to Section 4.01(d)(ii) of the Securitized Asset Cost Property Servicing Agreement, dated as of [•], 2026 (the "Servicing Agreement"), between, APPALACHIAN POWER COMPANY, as Servicer, and APPALACHIAN POWER RECOVERY FUNDING LLC, as Issuer, the Servicer does hereby certify, for the _____, 20__ Payment Date (the "Current Payment Date"), as follows:

Capitalized terms used herein have their respective meanings as set forth in the Indenture (as defined in the Servicing Agreement). References herein to certain sections and subsections are references to the respective sections of the Servicing Agreement or the Indenture, as the context indicates.

Collection Periods: ____ to _____

Payment Date: _____

Collections Allocable and Aggregate Amounts Available for the Current Payment Date:

i.	Remittances for the ___ Collection Period	$ _____
ii.	Remittances for the ___ Collection Period	$ _____
iii.	Remittances for the ___ Collection Period	$ _____
iv.	Remittances for the ___ Collection Period	$ _____
v.	Remittances for the ___ Collection Period	$ _____
vi.	Remittances for the ___ Collection Period	$ _____
vii.	Investment Earnings on Collection Account	
viii.	Investment Earnings on Capital Subaccount	$ _____
ix.	Investment Earnings on Excess Funds Subaccount	$ _____
x.	Investment Earnings on General Subaccount	$ _____
xi.	**General Subaccount Balance (sum of i through x above)**	**$ _____**
xii.	Excess Funds Subaccount Balance as of Prior Payment Date	$ _____
xiii.	Capital Subaccount Balance as of Prior Payment Date	$ _____
xiv.	**Collection Account Balance (sum of xii through xiii above)**	**$ _____**

Outstanding Amounts of as of Prior Payment Date:

Tranche A-1 Outstanding Amount	$_____
Tranche A-2 Outstanding Amount	$_____
Aggregate Outstanding Amount of all Tranches of SAC Bonds:	**$_____**

Required Funding/Payments as of Current Payment Date:

Principal	***Principal Due***
Tranche A-1	$_____
Tranche A-2	$_____
Tranche A-3	$_____
Tranche A-4	$_____
For all Tranches of SAC Bonds:	$_____

Interest Tranche	***Interest Rate***	***Days in Interest Period[1]***	***Principal Balance***	***Interest Due***
Tranche A-1				$ _____
Tranche A-2				$ _____
Tranche A-3				$ _____
Tranche A-4				$ _____
For all Tranches of SAC Bonds:				**$** _____

	Required Level	***Funding Required***
ix. Capital Subaccount		

Allocation of Remittances as of Current Payment Date Pursuant to 8.02(e) of Indenture

i. Trustee Fees and Expenses; Indemnity Amounts[2]	**$**_____
ii. Servicing Fee	**$**_____
iii. Administration Fee; Independent Manager Fee	**$**_____
iv. Operating Expenses	**$**_____
v. Periodic Interest (including any past-due for prior periods)	**$** _____

Tranche	***Aggregate***	***Per $1000 of Original Principal Amount***
1. Tranche A-1 Interest Payment	$_____	$ _____
2. Tranche A-2 Interest Payment	$_____	$ _____
3. Tranche A-3 Interest Payment	$_____	$ _____
4. Tranche A-4 Interest Payment	$_____	$ _____
	$_____	

vi. Principal Due and Payable as a Result of an Event of Default or on Final Maturity Date $_____

1 On 30/360 day basis for initial payment date; otherwise use one-half of annual rate.

2 Subject to $100,000 cap per annum.

Tranche	*Aggregate*	*Per $1000 of Original Principal Amount*
1. Tranche A-1 Principal Payment	$_____	$_____
2. Tranche A-2 Principal Payment	$_____	$_____
3. Tranche A-3 Principal Payment	$_____	$_____
4. Tranche A-4 Principal Payment	$_____	$_____
	$_____	

vii. Periodic Principal **$**_____

Tranche	*Aggregate*	*Per $1000 of Original Principal Amount*
Tranche A-1 Principal Payment	$_____	$_____
Tranche A-2 Principal Payment	$_____	$_____
Tranche A-3 Principal Payment	$_____	$_____
Tranche A-4 Principal Payment	$_____	$_____

viii. Other unpaid fees, expenses and indemnity amounts owed to the Indenture Trustee **$**_____

viii. Other unpaid Operating Expenses **$**_____

viii. Funding of Capital Subaccount (to required level) **$**_____

ix. Return on Invested Capital released to APCo **$**_____

x. Deposit to Excess Funds Subaccount **$**_____

xi. Released to Issuer upon Retirement of all Bonds **$**_____

xii. Aggregate Remittances as of Current Payment Date **$**_____

Subaccount Withdrawals as of Current Payment (if applicable, pursuant to Section 8.02(f) of Indenture):

i. Excess Funds Subaccount	$_____
ii. Capital Subaccount	$_____
iii. Total Withdrawals	**$**_____

Outstanding Amount and Collection Account Balance as of Current Payment Date (after giving effect to payments to be made on such Payment Date):

i.	Tranche A-1	$ _____
	Tranche A-2	$ _____
	Tranche A-3	$ _____
	Tranche A-4	$ _____
	Aggregate Outstanding Amount of all Tranches of SAC Bonds:	$ _____
	Excess Funds Subaccount Balance	$ _____
	Capital Subaccount Balance	$ _____
	Aggregate Collection Account Balance	$ _____

Shortfalls in Interest and Principal Payments as of Current Payment Date

i.	Semi-annual Interest	
	Tranche A-1 Interest Payment	$_____
	Tranche A-2 Interest Payment	$_____
	Tranche A-3 Interest Payment	$_____
	Tranche A-4 Interest Payment	$_____
		$_____
ii.	Semi-annual Principal	
	Tranche A-1 Principal Payment	$_____
	Tranche A-2 Principal Payment	$_____
	Tranche A-3 Principal Payment	$_____
	Tranche A-4 Principal Payment	$_____
		$_____

Shortfalls in Required Subaccount Levels as of Current Payment Date

ii.	Capital Subaccount	$_____

EXHIBIT B

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Servicer's Certificate this __ day of _____.

APPALACHIAN POWER COMPANY , as Servicer

By: _____
Name:
Title:

EXHIBIT B

EXHIBIT C-1

REGULATION AB SERVICER'S CERTIFICATE

The undersigned hereby certifies that he/she is the duly elected and acting **[**_____**]** of **[**APPALACHIAN POWER COMPANY**]**, as servicer (the "Servicer") under the Securitized Asset Cost Property Servicing Agreement dated as of **[**•**]**, 2026 (the "Servicing Agreement") between the Servicer and APPALACHIAN POWER RECOVERY FUNDING LLC (the "Issuer") and further that:

1. The undersigned is responsible for assessing the Servicer's compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB (the "Servicing Criteria").

2. With respect to each of the Servicing Criteria, the undersigned has made the following assessment of the Servicing Criteria in accordance with Item 1122(d) of Regulation AB, with such discussion regarding the performance of such Servicing Criteria during the fiscal year covered by the Sponsor's annual report on Form 10-K Report (such fiscal year, the "Assessment Period"):

	Servicing Criteria	**Applicable Servicing Criteria**
Reference	**Criteria**	
	General Servicing Considerations	
1122(d)(1)(i)	Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.	Applicable; assessment below.
1122(d)(1)(ii)	If any material servicing activities are outsourced to third parties, policies and procedures are instituted to monitor the third party's performance and compliance with such servicing activities.	Not applicable; no servicing activities were outsourced.
1122(d)(1)(iii)	Any requirements in the transaction agreements to maintain a back-up servicer for the pool assets are maintained.	Not applicable; documents do not provide for a back-up servicer.
1122(d)(1)(iv)	A fidelity bond and errors and omissions policy is in effect on the party participating in the servicing function throughout the reporting period in the amount of coverage required by and otherwise in accordance with the terms of the transaction agreements.	Not applicable; documents do not require a fidelity bond or errors and omissions policy.

	Servicing Criteria	Applicable Servicing Criteria
Reference	Criteria	
1122(d)(1)(v)	Aggregation of information, as applicable, is mathematically accurate and the information conveyed accurately reflects the information.	Applicable
	Cash Collection and Administration	
1122(d)(2)(i)	Payments on pool assets are deposited into the appropriate custodial bank accounts and related bank clearing accounts no more than two (2) business days of receipt, or such other number of days specified in the transaction agreements.	Applicable
1122(d)(2)(ii)	Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.	Applicable
1122(d)(2)(iii)	Advances of funds or guarantees regarding collections, cash flows or distributions, and any interest or other fees charged for such advances, are made, reviewed and approved as specified in the transaction agreements.	Applicable, but no current assessment required; no advances by the Servicer are permitted under the transaction agreements.
1122(d)(2)(iv)	The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of overcollateralization, are separately maintained (e.g., with respect to commingling of cash) as set forth in the transaction agreements.	Applicable, but no current assessment is required since transaction accounts are maintained by the Securities Intermediary and in the name of the Indenture Trustee.
1122(d)(2)(v)	Each custodial account is maintained at a federally insured depository institution as set forth in the transaction agreements. For purposes of this criterion, “federally insured depository institution” with respect to a foreign financial institution means a foreign financial institution that meets the requirements of Rule 13k-1(b)(1) of the Securities Exchange Act.	Applicable, but no current assessment required; all “custodial accounts” are maintained by the Securities Intermediary.
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.	Not applicable; all transfers made by wire transfer.
1122(d)(2)(vii)	Reconciliations are prepared on a monthly basis for all asset-backed securities related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations (A) are mathematically accurate;	Applicable; assessment below.

Reference	Servicing Criteria Criteria	Applicable Servicing Criteria
	(B) are prepared within 30 calendar days after the bank statement cutoff date, or such other number of days specified in the transaction agreements; (C) are reviewed and approved by someone other than the person who prepared the reconciliation; and (D) contain explanations for reconciling items. These reconciling items are resolved within ninety (90) calendar days of their original identification, or such other number of days specified in the transaction agreements.	
	Investor Remittances and Reporting	
1122(d)(3)(i)	Reports to investors, including those to be filed with the SEC, are maintained in accordance with the transaction agreements and applicable SEC requirements. Specifically, such reports (A) are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) provide information calculated in accordance with the terms specified in the transaction agreements; (C) are filed with the SEC as required by its rules and regulations; and (D) agree with investors' or the trustee's records as to the total unpaid principal balance and number of pool assets serviced by the Servicer.	Applicable; assessment below.
1122(d)(3)(ii)	Amounts due to investors are allocated and remitted in accordance with timeframes, distribution priority and other terms set forth in the transaction agreements.	Not applicable; investor records maintained by Indenture Trustee.
1122(d)(3)(iii)	Disbursements made to an investor are posted within two (2) business days to the Servicer's investor records, or such other number of days specified in the transaction agreements.	Applicable
1122(d)(3)(iv)	Amounts remitted to investors per the investor reports agree with cancelled checks, or other form of payment, or custodial bank statements.	Applicable; assessment below.
	Pool Asset Administration	
1122(d)(4)(i)	Collateral or security on pool assets is maintained as required by the transaction agreements or related pool asset documents.	Applicable; assessment below.
1122(d)(4)(ii)	Pool assets and related documents are safeguarded as required by the transaction agreements.	Applicable; assessment below.

	Servicing Criteria	Applicable Servicing Criteria
Reference	**Criteria**	
1122(d)(4)(iii)	Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.	Not applicable; no removals or substitutions of SAC Property are contemplated or allowed under the transaction documents.
1122(d)(4)(iv)	Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to the Servicer's obligor records maintained no more than two (2) business days after receipt, or such other number of days specified in the transaction agreements, and allocated to principal, interest or other items (e.g., escrow) in accordance with the related pool asset documents.	Applicable; assessment below.
1122(d)(4)(v)	The Servicer's records regarding the pool assets agree with the Servicer's records with respect to an obligor's unpaid principal balance.	Not applicable; because underlying obligation (SAC Charge) is not an interest bearing instrument.
1122(d)(4)(vi)	Changes with respect to the terms or status of an obligor's pool asset (e.g., loan modifications or re-agings) are made, reviewed and approved by authorized personnel in accordance with the transaction agreements and related pool asset documents.	Applicable; assessment below
1122(d)(4)(vii)	Loss mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) are initiated, conducted and concluded in accordance with the timeframes or other requirements established by the transaction agreements.	Applicable; limited assessment below. Servicer actions governed by the Financing Order and Commission regulations.
1122(d)(4)(viii)	Records documenting collection efforts are maintained during the period a pool asset is delinquent in accordance with the transaction agreements. Such records are maintained on at least a monthly basis, or such other period specified in the transaction agreements, and describe the entity's activities in monitoring delinquent pool assets including, for example, phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).	Applicable, but does not require assessment since no explicit documentation requirement with respect to delinquent accounts are imposed under the transactional documents due to availability of "true-up" mechanism.

Reference	Servicing Criteria Criteria	Applicable Servicing Criteria
1122(d)(4)(ix)	Adjustments to interest rates or rates of return for pool assets with variable rates are computed based on the related pool asset documents.	Not applicable; SAC Charges are not interest bearing instruments.
1122(d)(4)(x)	Regarding any funds held in trust for an obligor (such as escrow accounts): (A) such funds are analyzed, in accordance with the obligor's pool asset documents, on at least an annual basis, or such other period specified in the transaction agreements; (B) interest on such funds is paid, or credited, to obligors in accordance with applicable pool asset documents and state laws; and (C) such funds are returned to the obligor within thirty (30) calendar days of full repayment of the related pool asset, or such other number of days specified in the transaction agreements.	Not applicable.
1122(d)(4)(xi)	Payments made on behalf of an obligor (such as tax or insurance payments) are made on or before the related penalty or expiration dates, as indicated on the appropriate bills or notices for such payments, provided that such support has been received by the servicer at least thirty (30) calendar days prior to these dates, or such other number of days specified in the transaction agreements.	Not applicable; Servicer does not make payments on behalf of obligors.
1122(d)(4)(xii)	Any late payment penalties in connection with any payment to be made on behalf of an obligor are paid from the servicer's funds and not charged to the obligor, unless the late payment was due to the obligor's error or omission.	Not applicable; Servicer cannot make advances of its own funds on behalf of customers under the transaction documents.
1122(d)(4)(xiii)	Disbursements made on behalf of an obligor are posted within two (2) business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.	Not applicable; Servicer cannot make advances of its own funds on behalf of customers to pay principal or interest on the bonds.
1122(d)(4)(xiv)	Delinquencies, charge-offs and uncollectable accounts are recognized and recorded in accordance with the transaction agreements.	Applicable; assessment below.
1122(d)(4)(xv)	Any external enhancement or other support, identified in Item 1114(a)(1) through (3) or Item 1115 of Regulation AB, is maintained as set forth in the transaction agreements.	Not applicable; no external enhancement is required under the transaction documents.

3. To the best of the undersigned's knowledge, based on such review, the Servicer is in compliance in all material respects with the applicable servicing criteria set forth above as of and for the period ending the end of the fiscal year covered by the Sponsor's annual report on Form 10-K. **[**If not true, include description of any material instance of noncompliance.**]**

4. A registered public accounting firm has issued an attestation report on the undersigned's assessment of compliance with the applicable servicing criteria set forth above as of and for the period ending the end of the fiscal year covered by the Sponsor's annual report on Form 10-K.

Executed as of this _____ day of _____, ____.

†APPALACHIAN POWER COMPANY†

By: _____
Name:
Title:

EXHIBIT C-1

EXHIBIT C-2

CERTIFICATE OF COMPLIANCE

The undersigned hereby certifies that he/she is the duly elected and acting ŧ_____ŧ of **[**NAME OF SERVICER**]**, as servicer (the "Servicer") under the Securitized Asset Cost Property Servicing Agreement dated as of [•], 2026 (the "Servicing Agreement") between the Servicer and APPALACHIAN POWER RECOVERY FUNDING LLC, as issuer (the "Issuer"), and further that:

1. A review of the activities of the Servicer and of its performance under the Servicing Agreement during the twelve months ended ŧ_____ŧ, ŧ ŧ has been made under the supervision of the undersigned pursuant to Section 3.03 of the Servicing Agreement; and

2. To the best of the undersigned's knowledge, based on such review, the Servicer has fulfilled all of its obligations in all material respects under the Servicing Agreement throughout the twelve months ended ŧ_____ŧ,ŧ _____ŧ, except as set forth on Annex A hereto.

Executed as of this _____ day of _____, ____.

ŧNAME OF SERVICERŧ

By: _____
Name:
Title:

ANNEX A
TO CERTIFICATE OF COMPLIANCE

LIST OF SERVICER DEFAULTS

The following Servicer Defaults, or events which with the giving of notice, the lapse of time, or both, would become Servicer Defaults known to the undersigned occurred during the year ended ǂ_____ǂ:

Nature of Default	Status

SCHEDULE 4.01(a)

EXPECTED AMORTIZATION SCHEDULE

OUTSTANDING PRINCIPAL BALANCE

DATE	Tranche A-1	Tranche A-2
Closing Date	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]
[●]	$ [●]	$ [●]

ANNEX I

SERVICING PROCEDURES

The Servicer agrees to comply with the following servicing procedures:

SECTION 1. DEFINITIONS.

(a) Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Securitized Asset Cost Property Servicing Agreement (the "Agreement").

(b) Whenever used in this Annex I, the following words and phrases shall have the following meanings:

"Applicable MDMA" means with respect to each Customer, the meter data management agent providing meter reading services for that Customer's account.

"Billed SAC Charges" means the amounts of SAC Charges billed by the Servicer.

"Servicer Policies and Practices" means, with respect to the Servicer's duties under this Annex I, the policies and practices of the Servicer applicable to such duties that the Servicer follows with respect to comparable assets, rates or charges that it services for itself and, if applicable, others.

SECTION 2. DATA ACQUISITION.

(a) Installation and Maintenance of Meters. The Servicer shall cause to be installed, replaced and maintained meters in such places and in such condition as will enable the Servicer to obtain usage measurements for each Customer at least once every Billing Period.

(b) Meter Reading. At least once each Billing Period, the Servicer shall obtain usage measurements from the Applicable MDMA for each Customer; provided, however, that the Servicer may estimate any Customer's usage determined in accordance with applicable Commission Regulations and customary practices and procedures.

(c) Cost of Metering. The Issuer shall not be obligated to pay any costs associated with the routine metering duties set forth in this Section 2, including the costs of installing, replacing and maintaining meters, nor shall the Issuer be entitled to any credit against the Servicing Fee for any cost savings realized by the Servicer as a result of new metering and/or billing technologies.

SECTION 3. USAGE AND BILL CALCULATION.

The Servicer shall (a) obtain a calculation of each Customer's usage (which may be based on data obtained from such Customer's meter read or on usage estimates determined in accordance with applicable Commission Regulations) at least once each Billing Period; and (b) determine therefrom each Customer's individual SAC Charges to be included on Bills issued by it to such Customer for billing such Customer.

SECTION 4. BILLING.

The Servicer shall implement the SAC Charges as of the Closing Date and shall thereafter bill each Customer, or, with respect to such Customers billed by a Third-Party Collector, the Third-Party Collector for the respective Customer's outstanding current and past due SAC Charges accruing through the date on which the SAC Charges may no longer be billed, all in accordance with the following:

(a) Frequency of Bills; Billing Practices. In accordance with the Servicer's then-existing Servicer Policies and Practices for its own charges, as such Servicer Policies and Practices may be modified from time to time, the Servicer shall generate and issue a Bill to each Customer, or where a Third-Party Collector is responsible for billing a Customers, to the Third-Party Collector for such Customers' SAC Charges once every applicable Billing Period, at the same time, with the same frequency and on the same Bill as that containing the Servicer's own charges to such Customers or Third-Party Collectors, as applicable. In the event that the Servicer makes any material modification to these practices, it shall notify the Issuer, the Indenture Trustee, and the Rating Agencies prior to the effectiveness of any such modification; provided, however, that the Servicer may not make any modification that will materially adversely affect the Holders.

(b) Format.

(i) Each Bill issued by the Servicer shall contain the charge corresponding to the respective SAC Charges owed by such Customer for the applicable Billing Period. The Servicer shall comply with the requirements of the Financing Order with respect to the identification of SAC Charges on Bills to ensure that each Customer's bill contains: the portion of SAC Charges applicable to the rate class and a separate line item including both the base rate of the customer's electricity and the amount of the SAC Charge are present and identifiable on the Customer's Bill as required by Section 4.01(d)(iii)(B) of the Servicing Agreement.

(ii) The Servicer shall conform to such requirements in respect of the format, structure and text of Bills delivered to its Customers in accordance with, if applicable, the Financing Order and any other Commission Regulations. To the extent that Bill format, structure and text are not prescribed by the Financing Order, the Securitization Law or by applicable Commission Regulations, the Servicer shall, subject to clause (i) above, determine the format, structure and text of all Bills in accordance with its reasonable business judgment, its Servicer Policies and Practices with respect to its own charges and prevailing industry standards.

(c) Delivery. The Servicer shall deliver all Bills issued by it (i) by United States mail in such class or classes as are consistent with the Servicer Policies and Practices followed by the Servicer with respect to its own charges to its customers or (ii) by any other means, whether electronic or otherwise, that the Servicer may from time to time use to present its own charges to its customers.

SECTION 5. CUSTOMER SERVICE FUNCTIONS.

The Servicer shall handle all Customer inquiries and other Customer service matters according to the same procedures it uses to service its Customers with respect to its own charges.

SECTION 6. COLLECTIONS; PAYMENT PROCESSING; REMITTANCE.

(a) Collection Efforts, Policies, Procedures.

(i) The Servicer shall use reasonable efforts to collect all Billed SAC Charges from Customers and Third-Party Collectors as and when the same become due and shall follow such collection procedures as it follows with respect to comparable assets that it services for itself or others, including with respect to the following:

(A) The Servicer shall prepare and deliver overdue notices to its Customers in accordance with applicable Commission Regulations and Servicer Policies and Practices.

(B) The Servicer shall apply late payment charges to outstanding Customer balances in accordance with applicable Commission Regulations and as required by the Financing Order.

(C) In circumstances where the Servicer is allowed to bill Customers directly, the Servicer shall deliver verbal and written final notices of delinquency and possible disconnection in accordance with applicable Commission Regulations and Servicer Policies and Practices.

(D) The Servicer shall adhere to and carry out disconnection policies in accordance with the Securitization Law, the Financing Order, applicable Commission Regulations and the Servicer Policies and Practices.

(E) The Servicer may employ the assistance of collection agents to collect any past-due SAC Charges in accordance with applicable Commission Regulations and Servicer Policies and Practices.

(F) The Servicer shall apply Customer deposits to the payment of delinquent accounts in accordance with applicable Commission Regulations and Servicer Policies and Practices and according to the priorities set forth in Section 6(b)(ii), (iii), (iv) and (v) of this Annex I.

(ii) The Servicer shall not waive any late payment charge or any other fee or charge relating to delinquent payments, if any, or waive, vary or modify any terms of payment of any amounts payable by a Customer, in each case unless such waiver or action: (A) would be in accordance with the Servicer's customary practices or those of any successor Servicer with respect to comparable assets that it services for itself and for others; (B) would not materially adversely affect the rights of the Holders; and (C) would comply with applicable law; provided, however, that notwithstanding anything in the Agreement or this Annex I to the contrary, the Servicer is authorized to write off any Billed SAC Charges, in accordance with its Servicer Policies and Practices, that have remained outstanding for one hundred eighty (180) days or more.

(iii) The Servicer shall accept payment from its Customers in respect of Billed SAC Charges in such forms and methods and at such times and places as it accepts for payment of its own charges.

(b) Payment Processing; Allocation; Priority of Payments.

(i) The Servicer shall post all payments received in respect of the Billed SAC Charges to the applicable Customer accounts as promptly as practicable, and, in any event, substantially all such payments shall be posted no later than three (3) Business Days after such payments are actually received by Servicer.

(ii) Subject to clause (iii) below, the Servicer shall apply payments received to each Customer's account in proportion to the charges contained on the outstanding Bill to such Customer.

(iii) So long as the Intercreditor Agreement is in effect, the Servicer shall allocate, or cause to the allocated, amounts owed to the Issuer and to the other recipients of remittances described therein in accordance with the terms of the Intercreditor Agreement. Any amounts collected by the Servicer that represent partial payments of, (A) if the Intercreditor Agreement remains in effect, the portion of the Bill allocable to SAC Charges pursuant to the terms of the Intercreditor Agreement, or (B) otherwise, the total Bill to a Customer, in each case shall be allocated as follows: (1) first to amounts owed to the Issuer, the Servicer and any other affiliate of the Servicer which is owed "securitized asset cost charges" as defined in Section § 56-249.8.A. of the Securitization Law and other fees and charges (excluding any late fees), regardless of age, pro rata in proportion to their respective percentages of the total amount of their combined outstanding charges on such Bill or applicable portion thereof, as applicable; then (2) all late charges shall be allocated to the Servicer.

(iv) The Servicer shall hold all over-payments received by such Servicer for the benefit of the Issuer and APCo and shall apply such funds to future Bill charges in accordance with clauses (ii) and (iii) (as applicable) as such charges become due.

(v) For Customers on a Budget Billing Plan, the Servicer shall treat SAC Charge Payments received from such Customers as if such Customers had been billed for their respective SAC Charges in the absence of the Budget Billing Plan; partial payment of a Budget Billing Plan payment shall be allocated according to clauses (ii) and (iii) (as applicable) and overpayment of a Budget Billing Plan payment shall be allocated according to clause (iv).

(c) Accounts; Records.

The Servicer shall maintain accounts and records as to the SAC Property accurately and in accordance with its standard accounting procedures and in sufficient detail (i) to permit reconciliation between payments or recoveries with respect to the SAC Property and the amounts from time to time remitted to the Collection Account in respect of the SAC Property and (ii) to permit the SAC Charge Collections held by the Servicer to be accounted for separately from the funds with which they may be commingled, so that the dollar amounts of SAC Charge Collections commingled with the Servicer's funds may be properly identified and traced.

(d) Investment of SAC Charge Payments Received.

Prior to each Daily Remittance, the Servicer may invest SAC Charge Payments received at its own risk and (except as required by applicable Commission Regulations) for its own benefit. So long as the Servicer complies with its obligations under Section 6(c) of this Annex I, neither such investments nor such funds shall be required to be segregated from the other investment and funds of the Servicer.

(e) Calculation of Daily Remittance.

(i) For purposes of calculating the Daily Remittance, (i) all Billed SAC Charges shall be estimated to be collected the same number of days after billing as is equal to the Weighted Average Days Outstanding then in effect (or, if such resulting day is not a Servicer Business Day, on the next Servicer Business Day) and (ii) the Servicer will, on each Servicer Business Day, remit to the Indenture Trustee for deposit in the Collection Account an amount equal to the product of the applicable Billed SAC Charges multiplied by one hundred percent less the system wide charge-off percentage used by the Servicer to calculate the most recent Periodic Billing Requirement. Such product shall constitute the amount of Estimated SAC Charge Collections for such Servicer Business Day. Pursuant to Section 6.11(c) of the Agreement, the Servicer shall calculate in each Monthly Servicer's Certificate the amount of Actual SAC Charge Collections for the immediately preceding calendar month as compared to the Estimated SAC Charge Collections forwarded to the Collection Account in respect of such calendar month. No Excess Remittance shall be withdrawn from the Collection Account if such withdrawal would cause the amounts on deposit in the General Subaccount or the Excess Funds Subaccount to be insufficient for the payment of the next installment of interest or principal due at maturity on the next Payment Date or upon acceleration on or before the next Payment Date on the SAC Bonds. The Servicer and the Issuer further acknowledge and agree that the amount of the variances between Actual SAC Charge Collections and Estimated SAC Charge Collections are expected to be small and are not expected to be biased in favor of over-remittances or under-remittances. Consequently, so long as the Servicer faithfully makes all daily remittances based on Weighted Average Days Outstanding, as provided for herein, the Servicer and the Issuer agree that no actual or deemed investment earnings shall be payable in respect of such over-remittances or under-remittances.

(ii) In accordance with Section 4.01(b) of the Agreement, the Servicer shall, in a timely manner so as to perform all required calculations under such Section 4.01(b), update the Weighted Average Days Outstanding and the system-wide charge-off percentage in order to be able to calculate the Periodic Billing Requirement for the next True-Up Adjustment and to calculate any change in the Daily Remittances for the next Calculation Period.

(iii) The Servicer and the Issuer acknowledge that, as contemplated in Section 8.01(d) of the Agreement, the Servicer may make certain changes to its current computerized customer information system, which changes, when functional, would affect the Servicer's method of calculating the SAC Charge Payments estimated to have been received by the Servicer during each Collection Period as set forth in this Annex I. Should these changes to the computerized customer information system become functional during the term of the Agreement, the Servicer and the Issuer agree that they shall review the procedures used to calculate the Estimated SAC Charge Collections so estimated to have been received in light of the capabilities of such new system and shall amend this Annex I in writing to make such modifications and/or substitutions to such procedures as may be appropriate in the interests of efficiency, accuracy, cost and/or system capabilities; provided, however, that the Servicer may not make any modification or substitution that will materially adversely affect the Holders. As soon as practicable, and in no event later than sixty (60) Servicer Business Days after the date on which all Customer accounts are being billed under such new system, the Servicer shall notify in writing the Issuer, the Indenture Trustee and the Rating Agencies of the same.

(iv) All calculations of collections, each update of the Weighted Average Days Outstanding or system-wide charge off percentage and any changes in procedures used to calculate the Estimated SAC Charge Collections pursuant to this Section 6(e) shall be made in good faith, and in the case of any update pursuant to clause (iii) above or any change in procedures pursuant to clause (iii) above, in a manner reasonably intended to provide estimates and calculations that are at least as accurate as those that would be provided on the Closing Date utilizing the initial procedures.

(f) Remittances.

(i) The Issuer shall cause to be established the Collection Account in the name of the Indenture Trustee in accordance with the Indenture.

(ii) The Servicer shall make remittances to the Collection Account in accordance with Section 6.11 of the Agreement.

(iii) In the event of any change of account or change of institution affecting any Collection Account, the Issuer shall provide written notice thereof to the Servicer and the Rating Agencies not later than five (5) Business Days from the effective date of such change.

Exhibit 10.2

SECURITIZED ASSET COST PROPERTY PURCHASE AND SALE AGREEMENT

by and between

APPALACHIAN POWER RECOVERY FUNDING LLC,

Issuer

and

APPALACHIAN POWER COMPANY,

Seller

Dated as of [●], 2026

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Exhibit A	Form of Bill of Sale

SECURITIZED ASSET COST PROPERTY PURCHASE AND SALE AGREEMENT

This SECURITIZED ASSET COST PROPERTY PURCHASE AND SALE AGREEMENT (this "Agreement"), dated as of [•], 2026, is between Appalachian Power Recovery Funding LLC, a Delaware limited liability company (the "Issuer"), and Appalachian Power Company, a Virginia corporation (together with its successors in interest to the extent permitted hereunder, the "Seller").

RECITALS

WHEREAS, the Issuer desires to purchase the SAC Property created by the Financing Order pursuant to the Securitization Law;

WHEREAS, the Seller is willing to sell its rights and interests under the Financing Order to the Issuer, whereupon, subject to the pledge thereto to secure the SAC Bonds, such rights and interests will become the SAC Property;

WHEREAS, the Issuer, in order to finance the purchase of the SAC Property, will issue the SAC Bonds under the Indenture; and

WHEREAS, the Issuer, to secure its obligations under the SAC Bonds and the Indenture, will pledge, among other things, all right, title and interest of the Issuer in and to the SAC Property and this Agreement to the Indenture Trustee for the benefit of the Secured Parties.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01. Definitions.

(a) Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in that certain Indenture (including Appendix A thereto) dated as of the date hereof among the Issuer, U.S. Bank Trust Company, National Association, a national banking association, in its capacity as indenture trustee (the "Indenture Trustee"), and U.S. Bank National Association, a national banking association, in its capacity as securities intermediary (the "Securities Intermediary"), as the same may be amended, restated, supplemented or otherwise modified from time to time.

(b) Whenever used in this Agreement, the following words and phrases shall have the following meanings:

"Bill of Sale" means a bill of sale substantially in the form of Exhibit A hereto delivered pursuant to Section 2.02(i).

"Losses" means (i) any and all amounts of principal and interest on the SAC Bonds not paid when due or when scheduled to be paid in accordance with their terms and the amounts of any deposits by or to the Issuer required to have been made in accordance with the terms of the Basic Documents or the Financing Order which are not made when so required and (ii) any and all other liabilities, obligations, losses, claims, damages, payments, costs or expenses of any kind whatsoever.

SECTION 1.02. Other Definitional Provisions.

(a) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(b) The words "hereof," "herein," "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Section, Schedule and Exhibit references contained in this Agreement are references to Sections, Schedules and Exhibits in or to this Agreement unless otherwise specified; and the terms "includes" and "including" shall mean "includes without limitation" and "including without limitation," respectively.

(c) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

(d) Non-capitalized terms used herein which are defined in the Securitization Law, as the context requires, have the meanings assigned to such terms in the Securitization Law, but without giving effect to amendments to the Securitization Law after the date hereof which have a material adverse effect on the Issuer or the Bondholders.

ARTICLE II
CONVEYANCE OF SAC PROPERTY

SECTION 2.01. Conveyance of SAC Property. (a) In consideration of the Issuer's delivery to or upon the order of the Seller of $[•] (the "Purchase Price"), subject to the conditions specified in Section 2.02, the Seller does hereby irrevocably sell, assign, and otherwise transfer to the Issuer, without recourse or warranty, except as set forth herein, all right, title and interest of the Seller in and to the SAC Property (such sale, assignment, and transfer of the SAC Property includes, to the fullest extent permitted by the Securitization Law, the irrevocable right to impose, bill, charge, collect and receive SAC Charges and the assignment of all revenues, collections, claims, rights to payments, payments, moneys or proceeds of or arising from the SAC Charges as related to the SAC Property, as the same may be adjusted from time to time). Such sale, assignment, and transfer is hereby expressly stated to be a sale and, pursuant to Section 56-249.8:E.3.a of the Securitization Law and other applicable law, shall be an absolute transfer and true sale of, and not a pledge of, or secured transaction relating to, the Seller's right, title and interest in, to and under the SAC Property. The Seller and the Issuer agree that after giving effect to the sale, assignment, and transfer contemplated hereby the Seller has no right, title or interest in or to the SAC Property to which a security interest could attach because: (i) it has sold, assigned, and transferred all right, title and interest in and to the SAC Property to the

Issuer; (ii) as provided in Section 56-249.8:E.1.a. of the Securitization Law and the Financing Order, such rights to impose, bill, charge, collect and receive SAC Charges are existing, present intangible property rights which will be created simultaneously when such rights are first transferred to an assignee and pledged in connection with the issuance of the SAC Bonds; (iii) appropriate notice has been filed in accordance with the rules prescribed by the Secretary of State; and (iv) as provided in Section 56-249.8:E.2.c. such transfer of an interest in SAC Property to an assignee is perfected against all third parties, including subsequent judicial or other lien creditors or any claims of the Seller or creditors of the Seller. If such sale, assignment and transfer is held by any court of competent jurisdiction not to be a true sale as provided in Section 56-249.8:E of the Securitization Law, then such sale, assignment and transfer shall be treated as a pledge of the SAC Property and as the creation of a security interest (within the meaning of the Securitization Law and the UCC) in the SAC Property and, without prejudice to its position that it has absolutely transferred all of its rights in the SAC Property to the Issuer, the Seller hereby grants a security interest in the SAC Property to the Issuer (and to the Indenture Trustee for the benefit of the Secured Parties) to secure their respective rights under the Basic Documents to receive the SAC Charges and all other SAC Property.

(b) Subject to Section 2.02, the Issuer does hereby purchase the SAC Property from the Seller for the consideration set forth in Section 2.01(a).

SECTION 2.02. Conditions to Conveyance of SAC Property. The obligation of the Issuer to purchase SAC Property on the Closing Date shall be subject to the satisfaction of each of the following conditions:

(i) on or prior to the Closing Date, the Seller shall have delivered to the Issuer a duly executed Bill of Sale identifying the SAC Property to be conveyed on the Closing Date;

(ii) on or prior to the Closing Date, the Seller shall have received the Financing Order creating the SAC Property;

(iii) as of the Closing Date, the Seller is not insolvent and will not have been made insolvent by such sale of the SAC Property and the Seller is not aware of any pending insolvency with respect to itself;

(iv) as of the Closing Date, the representations and warranties of the Seller set forth in this Agreement shall be true and correct with the same force and effect as if made on the Closing Date (except to the extent that they relate to an earlier date); on and as of the Closing Date no breach of any covenant or agreement of the Seller contained in this Agreement has occurred and is continuing; and no Servicer Default shall have occurred and be continuing;

(v) as of the Closing Date, (A) the Issuer shall have sufficient funds available to pay the purchase price for the SAC Property to be conveyed on such date and (B) all conditions to the issuance of the SAC Bonds intended to provide such funds set forth in the Indenture shall have been satisfied or waived;

(vi) on or prior to the Closing Date, the Seller shall have taken all action required to transfer to the Issuer ownership of the SAC Property to be conveyed on such date, free and clear of all Liens other than Liens created by the Issuer pursuant to the Basic Documents and to perfect such transfer, including, without limitation, filing any statements or making any filings pursuant to the Securitization Law or the UCC; and the Issuer or the Servicer, on behalf of the Issuer, shall have taken any action required for the Issuer to grant the Indenture Trustee a first priority perfected security interest in the SAC Bond Collateral and to maintain such security interest as of such date;

(vii) the Seller shall have delivered to (A) the Rating Agencies and the Issuer any Opinions of Counsel required by the Rating Agencies and (B) the Indenture Trustee any Opinions of Counsel required by the Indenture Trustee;

(viii) on and as of the Closing Date, each of the LLC Agreement, the Servicing Agreement, the Administration Agreement, the Intercreditor Agreement, this Agreement, the Indenture, the Financing Order, the Securitization Financing Rider and the Securitization Law shall be in full force and effect;

(ix) the SAC Bonds shall have received a rating or ratings required by the Financing Order;

(x) on the Closing Date the Seller shall have received the Purchase Price in immediately available funds;

(xi) the Issuance Advice Letter shall have been provided to the Commission in accordance with the Financing Order, and the Commission shall not have issued a disapproval letter directing that the SAC Bonds not be issued; and

(xii) the Seller shall have delivered to the Indenture Trustee and the Issuer an Officers' Certificate confirming the satisfaction of each condition precedent specified in this Section 2.02.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLER

Subject to Section 3.09, the Seller makes the following representations and warranties, as of the Closing Date, and the Seller acknowledges that the Issuer has relied thereon in acquiring the SAC Property. The representations and warranties shall survive the sale and transfer of SAC Property to the Issuer and the pledge thereof to the Indenture Trustee pursuant to the Indenture. The Seller agrees that: (i) the Issuer may assign the right to enforce the following representations and warranties to the Indenture Trustee; and (ii) the representations and warranties inure to the benefit of the Issuer and the Indenture Trustee.

SECTION 3.01. Organization and Good Standing. The Seller is a corporation duly organized and validly existing and is in good standing under the laws of the state of its organization, with the requisite corporate or other power and authority to own its properties as such properties are owned on the Closing Date and to conduct its business as such business is conducted by it on the Closing Date, and has the requisite corporate or other power and authority to obtain the Financing Order and own the rights and interests under the Financing Order and to sell and assign those rights and interests to the Issuer.

SECTION 3.02. Due Qualification. The Seller is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business require such qualifications, licenses or approvals (except where the failure to so qualify or obtain such licenses and approvals would not be reasonably likely to have a material adverse effect on the Seller's business, operations, assets, revenues or properties).

SECTION 3.03. Power and Authority. The Seller has the requisite corporate or other power and authority to execute and deliver this Agreement and to carry out its terms; and the execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Seller under its organizational or governing documents and laws.

SECTION 3.04. Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the Seller enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' or secured parties' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law.

SECTION 3.05. No Violation. The consummation by the Seller of the transactions contemplated by this Agreement and the fulfillment by the Seller of the terms hereof do not: (i) conflict with or result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the Seller's organizational documents, or any indenture, mortgage, credit agreement or other agreement or instrument to which the Seller is a party or by which it or any of its property is bound; (ii) result in the creation or imposition of any Lien upon any of the Seller's properties pursuant to the terms of any such indenture, agreement or other instrument (other than any Lien that may be granted in the Issuer's favor or any Lien created in favor of the Indenture Trustee for the benefit of the Secured Parties pursuant to the Securitization Law or any Lien that may be granted under the Basic Documents); or (iii) violate in any material respect any existing law or any existing order, rule or regulation applicable to the Seller of any Governmental Authority having jurisdiction over the Seller or its properties.

SECTION 3.06. No Proceedings. There are no proceedings pending and, to the Seller's knowledge, there are no proceedings threatened and, to the Seller's knowledge, there are no investigations pending or threatened, before any Governmental Authority having jurisdiction over the Seller or its properties involving or relating to the Seller or the Issuer or, to the Seller's knowledge, any other Person: (i) asserting the invalidity of the Securitization Law, the Financing Order, this Agreement, any of the other Basic Documents or the SAC Bonds; (ii) seeking to prevent the issuance of the SAC Bonds or the consummation of any of the transactions contemplated by this Agreement or any of the other Basic Documents; (iii) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Seller of its obligations under, or the validity or enforceability of the Securitization Law, the Financing Order, this Agreement, any of the other Basic Documents or the SAC Bonds; or (iv) seeking to adversely affect the federal income tax or state income or franchise tax classification of the SAC Bonds as debt.

SECTION 3.07. Approvals. Except for UCC financing statement filings under the UCC and the Securitization Law, no approval, authorization, consent, order or other action of, or filing with, any Governmental Authority is required in connection with the execution and delivery by the Seller of this Agreement, the performance by the Seller of the transactions contemplated hereby or the fulfillment by the Seller of the terms hereof, except those that have been obtained or made and those that the Seller, in its capacity as Servicer under the Servicing Agreement, is required to make in the future pursuant to the Servicing Agreement.

SECTION 3.08. The SAC Property.

(a) Information. Subject to subsection (f) below, at the Closing Date, all written information, as amended or supplemented from time to time, provided by the Seller to the Issuer with respect to the SAC Property (including the Expected Amortization Schedule, the Financing Order and the Issuance Advice Letter relating thereto) is true and correct in all material respects.

(b) Title. It is the intention of the parties hereto that (other than for U.S. federal income tax purposes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes) the transfer and assignment herein contemplated constitutes an absolute transfer and true of the SAC Property from the Seller to the Issuer and that no interest in, or right or title to, the SAC Property shall be part of the Seller's estate in the event of the filing of a bankruptcy petition by or against the Seller under any bankruptcy law. No portion of the SAC Property has been sold, transferred, assigned or pledged or otherwise conveyed by the Seller to any Person other than the Issuer, and no security agreement, financing statement or equivalent security or lien instrument listing the Seller as debtor covering all or any part of the SAC Property is on file or of record in any jurisdiction, except such as may have been filed, recorded or made in favor of the Issuer or the Indenture Trustee in connection with the Basic Documents. The Seller has not authorized the filing of and is not aware (after due inquiry) of any UCC financing statement against it that includes a description of collateral including the SAC Property other than: (i) any financing statement filed, recorded or made in favor of the Issuer or the Indenture Trustee in connection with the Basic Documents; and (ii) any financing statement being amended in connection with the Intercreditor Agreement to expressly exclude the SAC Property from the description of collateral. The Seller is not aware (after due inquiry) of any judgment or tax lien filings against either the Seller or the Issuer. At the Closing Date, immediately prior to the sale of the SAC Property hereunder, the Seller is the original and the sole owner of the SAC Property free and clear of all Liens and rights of any other Person, and no offsets, defenses or counterclaims exist or have been asserted with respect thereto.

(c) Transfer Filings. On the Closing Date, immediately upon the sale hereunder, the SAC Property shall be validly transferred, sold, conveyed, and assigned to the Issuer, and the Issuer shall own all the SAC Property free and clear of all Liens (except for any Lien created in favor of the Indenture Trustee, for the benefit of the Secured Parties, granted under the Indenture and perfected pursuant to the Securitization Law or any Lien that may be granted under the Basic Documents) and all filings and actions to be made or taken by the Seller (including, without limitation, filings with the Secretary of State under the Securitization Law) necessary in any jurisdiction to give the Issuer a perfected ownership interest (subject to any Lien created in favor of the Indenture Trustee, for the benefit of the Holders, pursuant to the Securitization Law and any Lien that may be granted under the Basic Documents) in the SAC Property have been made or taken. All filings and action have also been made or taken to perfect the security interest in the SAC Property granted by the Seller to the Issuer (subject to any Lien created in favor of the Indenture Trustee, for the benefit of the Secured Parties, pursuant to the Indenture and perfected pursuant to the Securitization Law and any Lien that may be granted under the Basic Documents) and, to the extent necessary, the Indenture Trustee pursuant to Section 2.01.

(d) Financing Order and Issuance Advice Letter and Securitization Financing Rider; Other Approvals. On the Closing Date, under the laws of the Commonwealth of Virginia and the United States in effect on the Closing Date: (i) the Financing Order pursuant to which the rights and interests of the Seller, including the right to impose, bill, charge, collect and receive the SAC Charge and, in and to the SAC Property transferred on such date have been created, is Final and non-appealable and is in full force and effect; (ii) as of the issuance of the SAC Bonds, the SAC Bonds are entitled to the protection of the Securitization Law and, accordingly, the Financing Order, the SAC Charges and the Issuance Advice Letter are not revocable by the Commission; (iii) as of the issuance of the SAC Bonds, the SAC Charges are in full force and effect and not subject to modification by the Commission except as provided under Section 56-249.8:K of the Securitization Law; (iv) the process by which the Financing Order creating the SAC Property transferred on such date was adopted and approved, and the Financing Order and the Issuance Advice Letter and Securitization Financing Rider themselves, comply with all applicable laws, rules and regulations; (v) the Issuance Advice Letter and the Securitization Financing Rider relating to the SAC Property transferred on such date have been filed in accordance with the Financing Order creating the SAC Property transferred on such date and an officer of the Seller has provided the certification to the Commission required by the Issuance Advice Letter; and (vi) no other approval, authorization, consent, order or other action of, or filing with any Governmental Authority is required in connection with the creation of the SAC Property transferred on such date, except those that have been obtained or made.

(e) State Action. The Commonwealth of Virginia has pledged pursuant to Section 56-249.8:K. of the Securitization Law that it will not take any action to: (i) alter the provisions of the Securitization Law that authorize the Commission to create an irrevocable contract right or chose in action by the issuance of the Financing Order, to create securitized asset cost property in the form of SAC Property, and to make the securitized asset cost charges imposed by the Financing Order in the form of the SAC Charges irrevocable, binding, or non-bypassable charges; (ii) take or permit any action that impairs or would impair the value of the SAC Property or the security for the SAC Bonds or revises the Securitized Asset Costs for which recovery is authorized; (iii) in any way impair the rights and remedies of the Bondholders, assignees, and other financing parties related thereto; or (iv) except as permitted as permitted by Section 56-249.8:K.1.d. of the Securitization Law, reduce, alter, or impair SAC Charges that are to be imposed, billed, charged, collected, and remitted for the benefit of such Bondholders, assignees, and financing parties until any and all principal, interest, premium, financing costs and

other fees, expenses, or charges incurred, and any contracts to be performed, in connection with the related SAC Bonds have been paid and performed in full. Under the laws of the Commonwealth of Virginia and the United States, the Commonwealth of Virginia could not constitutionally take any action of a legislative character including the repeal or amendment of the Securitization Law, which would substantially limit, alter or impair the SAC Property or other rights vested in the Holders pursuant to the Financing Order or substantially limit, alter, impair or reduce the value or amount of the SAC Property, unless such action is a reasonable exercise of the sovereign powers of the Commonwealth of Virginia and of a character reasonable and appropriate to further a legitimate public purpose, and, under the takings clauses of the United States and Virginia Constitutions, the Commonwealth of Virginia could not repeal or amend the Securitization Law or take any other action in contravention of the State Pledge quoted above without paying just compensation to the Holders, as determined by a court of competent jurisdiction if doing so would constitute a permanent appropriation of a substantial property interest of the Holders in the SAC Property and deprive the Holders of their reasonable expectations arising from their investments in the SAC Bonds. There is no assurance, however, that, even if a court were to award just compensation it would be sufficient to pay the full amount of principal and interest on the SAC Bonds.

(f) Assumptions. On the Closing Date, based upon the information available to the Seller on such date, the assumptions used in calculating the SAC Charges are reasonable and are made in good faith. Notwithstanding the foregoing, the Seller makes no representation or warranty, express or implied, that amounts actually collected arising from those SAC Charges will in fact be sufficient to meet the payment obligations on the related SAC Bonds or that the assumptions used in calculating such SAC Charges will in fact be realized.

(g) Creation of SAC Property. Upon the effectiveness of the Financing Order and the Issuance Advice Letter with respect to the SAC Property, and the transfer of the SAC Property pursuant to this Agreement and the filing of the appropriate notice of transfer with the Secretary of State: (i) the rights and interests of the Seller under the Financing Order, including the right to impose, bill, charge, collect and receive the SAC Charges authorized in the Financing Order, will become "securitized asset cost property" in accordance with Section 56.249.8:E.1.a, of the Securitization Law and as defined in the Financing Order; (ii) the SAC Property will constitute an existing, present intangible property right or interest therein vested in the Issuer; (iii) the SAC Property will include (A) the right, title and interest of the Seller in the Financing Order and the SAC Charges and (B) the right to obtain periodic adjustments (with respect to adjustments, in the manner and with the effect provided in Section 4.01(b) of the Servicing Agreement) of such SAC Charges, and the rates and other charges authorized by the Financing Order and all revenues, collections, claims, rights to payments, payments, money or proceeds of or arising from the SAC Charges as related to the SAC Property; (iv) the owner of the SAC Property will be legally entitled to impose, bill, charge, collect and receive SAC Charges in the aggregate sufficient to pay the interest on and principal of the SAC Bonds in accordance with the Indenture, to pay the fees and expenses of servicing the SAC Bonds, to replenish the Capital Subaccount to the Required Capital Level until the SAC Bonds are paid in full or until the last date permitted for

the collection of payments in respect of the SAC Charges under the Financing Order, whichever is earlier, and the Customer Class allocation percentage methodology in the Financing Order does not prohibit the owner of the SAC Property from obtaining adjustments and effecting allocations to the SAC Charges in order to collect payments of such amounts; and (v) the SAC Property is not subject to any Lien other than any Lien created in favor of the Indenture Trustee for the benefit of the Holders pursuant to the Securitization Law or any Lien that may be granted under the Basic Documents.

(h) Nature of Representations and Warranties. The representations and warranties set forth in this Section 3.08, insofar as they involve conclusions of law, are made not on the basis that the Seller purports to be a legal expert or to be rendering legal advice, but rather to reflect the parties' good faith understanding of the legal basis on which the parties are entering into this Agreement and the other Basic Documents and the basis on which the Holders are purchasing the SAC Bonds, and to reflect the parties' agreement that, if such understanding turns out to be incorrect or inaccurate, the Seller will be obligated to indemnify the Issuer and its permitted assigns (to the extent required by and in accordance with Section 5.01), and that the Issuer and its permitted assigns will be entitled to enforce any rights and remedies under the Basic Documents, on account of such inaccuracy to the same extent as if the Seller had breached any other representations or warranties hereunder.

(i) Prospectus. As of the date hereof, the information describing the Seller under the caption "The Depositor, Seller, Initial Servicer and Sponsor" in the prospectus dated [•], 2026 relating to the SAC Bonds is true and correct in all material respects.

(j) Solvency. After giving effect to the sale of the SAC Property hereunder, the Seller:

(i) is solvent and expects to remain solvent;

(ii) is adequately capitalized to conduct its business and affairs considering its size and the nature of its business and intended purpose;

(iii) is not engaged in nor does it expect to engage in a business for which its remaining property represents an unreasonably small portion of its capital;

(iv) reasonably believes that it will be able to pay its debts as they come due; and

(v) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(k) No Court Order. There is no order by any court providing for the revocation, alteration, limitation or other impairment of the Securitization Law, the Financing Order, the Issuance Advice Letter, the SAC Property or the SAC Charges or any rights arising under any of them or that seeks to enjoin the performance of any obligations under the Financing Order.

(l) Survival of Representations and Warranties. The representations and warranties set forth in this Section 3.08 shall survive the execution and delivery of this Agreement and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Article VI and as to which the Rating Agency Condition has been satisfied.

SECTION 3.09. Limitations on Representations and Warranties. Without prejudice to any of the other rights of the parties, the Seller will not be in breach of any representation or warranty, as a result of a change in law by means of any legislative enactment, constitutional amendment or voter initiative. THE SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, THAT BILLED SAC CHARGES WILL BE ACTUALLY COLLECTED FROM CUSTOMERS.

ARTICLE IV
COVENANTS OF THE SELLER

SECTION 4.01. Existence. Subject to Section 5.02, so long as any of the SAC Bonds are Outstanding, the Seller: (a) will keep in full force and effect its existence and remain in good standing under the laws of the jurisdiction of its organization; (b) will obtain and preserve its qualification to do business in each jurisdiction in which it operates, in each case to the extent that in each such jurisdiction such existence or qualification is or shall be necessary to protect the validity and enforceability of this Agreement, the other Basic Documents to which the Seller is a party and each other instrument or agreement necessary or appropriate to the proper administration of this Agreement and the transactions contemplated hereby or to the extent necessary for the Seller to perform its obligations hereunder or thereunder; and (c) will continue to operate its electric transmission and distribution system to provide service to its Customers (or, if transmission and distribution are split, to provide distribution service directly to its Customers).

SECTION 4.02. No Liens. Except for the conveyance hereunder or any Lien pursuant to the Indenture, or otherwise under the Securitization Law in favor of the Indenture Trustee for the benefit of the Holders and any Lien that may be granted under the Basic Documents, the Seller will not sell, pledge, assign or transfer, or grant, create, incur, assume or suffer to exist any Lien on, any of the SAC Property, or any interest therein, and the Seller shall defend the right, title and interest of the Issuer and the Indenture Trustee, on behalf of the Secured Parties, in, to and under the SAC Property against all claims of third parties claiming through or under the Seller. APCo, in its capacity as Seller, will not at any time assert any Lien against, or with respect to, any of the SAC Property.

SECTION 4.03. Delivery of Collections. In the event that the Seller receives any SAC Charge Collections or other payments in respect of the SAC Charges or the proceeds thereof other than in its capacity as the Servicer, the Seller agrees to pay to the Servicer, on behalf of the Issuer, all payments received by it in respect thereof as soon as practicable after receipt thereof. Prior to such remittance to the Servicer by the Seller, the Seller agrees that such amounts are held by it in trust for the Issuer and the Indenture Trustee. If the Seller becomes a party to: (a) any future sale agreement selling to any other Affiliate property consisting of charges similar to the SAC Charge sold pursuant to this Sale Agreement, payable by Customers

pursuant to the Securitization Law or any similar law; or (b) another future trade receivables purchase and sale arrangement or similar arrangement, or an extension to any such existing arrangement, under which Seller sells all or any portion of its accounts receivables, in each case the Seller and the other parties to such arrangement shall enter into an amendment or joinder to the Intercreditor Agreement to acknowledge the rights of the Seller, the Issuer and any future seller and issuer.

SECTION 4.04. Notice of Liens. The Seller shall notify the Issuer and the Indenture Trustee promptly after becoming aware of any Lien on any of the SAC Property, other than the conveyance hereunder and any Lien pursuant to the Basic Documents, including the Lien in favor of the Indenture Trustee for the benefit of the Secured Parties.

SECTION 4.05. Compliance with Law. The Seller hereby agrees to comply with its organizational or governing documents and all laws, treaties, rules, regulations and determinations of any Governmental Authority applicable to the Seller, except to the extent that failure to so comply would not materially adversely affect the Issuer's or the Indenture Trustee's interests in the SAC Property or under any of the other Basic Documents to which the Seller is a party or the Seller's performance of its obligations hereunder or under any of the other Basic Documents to which the Seller is a party.

SECTION 4.06. Covenants Related to SAC Bonds and SAC Property.

(a) So long as any of the SAC Bonds are outstanding, the Seller shall treat the SAC Property as the Issuer's property for all purposes other than financial reporting, state or federal regulatory or tax purposes, and treat the SAC Bonds as debt for all purposes and specifically as debt of the Issuer, other than for financial reporting, state or federal regulatory or tax purposes.

(b) Solely for the purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, for purposes of state, local and other taxes, so long as any of the SAC Bonds are outstanding, the Seller agrees to treat the SAC Bonds as indebtedness of the Seller (as the sole owner of the Issuer) secured by the SAC Bond Collateral unless otherwise required by appropriate taxing authorities.

(c) So long as any of the SAC Bonds are outstanding, the Seller shall disclose in its financial statements that the Issuer and not the Seller is the owner of the SAC Property and that the assets of the Issuer are not available to pay creditors of the Seller or its Affiliates (other than the Issuer).

(d) So long as any of the SAC Bonds are outstanding, the Seller shall not own or purchase any SAC Bonds.

(e) So long as the SAC Bonds are outstanding, the Seller shall disclose the effects of all transactions between the Seller and the Issuer in accordance with generally accepted accounting principles.

(f) The Seller agrees that, upon the sale by the Seller of the SAC Property to the Issuer pursuant to this Agreement, (i) to the fullest extent permitted by law, including, applicable Commission's Regulations and the Securitization Law, the Issuer shall have all of the rights originally held by the Seller with respect to the SAC Property, including the right (subject to the terms of the Servicing Agreement) to exercise any and all rights and remedies to collect any amounts payable by any Customer in respect of the SAC Property, notwithstanding any objection or direction to the contrary by the Seller (and the Seller agrees not to make any such objection or to take any such contrary action) and (ii) any payment by any Customer directly to the Issuer shall discharge such Customer's obligations, if any, in respect of the SAC Property to the extent of such payment, notwithstanding any objection or direction to the contrary by the Seller.

(g) So long as any of the SAC Bonds are outstanding, (i) in all proceedings relating directly or indirectly to the SAC Property, the Seller shall affirmatively certify and confirm that it has sold all of its rights and interests in and to such property (other than for financial reporting or tax purposes), (ii) the Seller shall not make any statement or reference in respect of the SAC Property that is inconsistent with the ownership interest of the Issuer (other than for financial accounting or tax purposes or as required by state or federal regulatory purposes), (iii) the Seller shall not take any action in respect of the SAC Property except solely in its capacity as the Servicer thereof pursuant to the Servicing Agreement or as otherwise contemplated by the Basic Documents, (iv) the Seller shall not sell "securitized asset cost property" or other similar property under a separate "financing order" in connection with the issuance of additional "securitized asset cost bonds" (each term as defined in the Securitization Law) unless the Rating Agency Condition shall have been satisfied, and (v) neither the Seller nor the Issuer shall take any action, file any tax return, or make any election inconsistent with the treatment of the Issuer, for purposes of federal taxes and, to the extent consistent with applicable state, local and other tax law, for purposes of state, local and other taxes, as a disregarded entity that is not separate from the Seller (or, if relevant, from another sole owner of the Issuer).

SECTION 4.07. Protection of Title. The Seller shall execute (if applicable) and file such filings, including, without limitation, filings with the Secretary of State pursuant to the Securitization Law, and cause to be executed (if applicable) and filed such filings, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the SAC Property, including, without limitation, all filings required under the Securitization Law and the UCC relating to the transfer of the ownership of the rights and interest in the SAC Property by the Seller to the Issuer or the pledge of the Issuer's interest in the SAC Property to the Indenture Trustee. The Seller shall deliver or cause to be delivered to the Issuer and the Indenture Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing. The Seller shall institute any action or proceeding necessary to compel performance by the Commission, the Commonwealth of Virginia or any of their respective agents, of any of their obligations or duties under the Securitization Law, the Financing Order or the Issuance Advice Letter. The Seller agrees to take such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary: (i) to protect the Issuer and the Secured Parties from claims, state actions or other actions or proceedings of third parties which, if successfully pursued, would result in a breach of any representation set forth in Article III or any covenant set forth in Article IV; and

(ii) to block or overturn any attempts to cause a repeal of, modification of or supplement to the Securitization Law, the Financing Order, the Issuance Advice Letter or the rights of Holders by legislative enactment or constitutional amendment that would be materially adverse to the Issuer or the Secured Parties or which would otherwise cause an impairment of the rights of the Issuer or the Secured Parties. The costs of any such actions or proceedings will be payable by the Seller.

SECTION 4.08. Nonpetition Covenants. Notwithstanding any prior termination of this Agreement or the Indenture, the Seller shall not, prior to the date which is one year and one day after the termination of the Indenture and payment in full of the SAC Bonds or any other amounts owed under the Indenture, petition or otherwise invoke or cause the Issuer to invoke the process of any Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any federal or state bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of the property of the Issuer, or ordering the winding up or liquidation of the affairs of the Issuer.

SECTION 4.09. Taxes. So long as any of the SAC Bonds are outstanding, the Seller shall, and shall cause each of its subsidiaries to, pay all material taxes, assessments and governmental charges imposed upon it or any of its properties or assets or with respect to any of its franchises, business, income or property before any penalty accrues thereon if the failure to pay any such taxes, assessments and governmental charges would, after any applicable grace periods, notices or other similar requirements, result in a Lien on the SAC Property; provided that no such tax need be paid if the Seller or one of its Affiliates is contesting the same in good faith by appropriate proceedings promptly instituted and diligently conducted and if the Seller or such Affiliate has established appropriate reserves as shall be required in conformity with generally accepted accounting principles.

SECTION 4.10. Issuance Advice Letter. The Seller hereby agrees not to withdraw the filing of any Issuance Advice Letter with the Commission.

SECTION 4.11. Securitization Financing Rider. The Seller hereby agrees to make all reasonable efforts to the keep Securitization Financing Rider in full force and effect at all times.

SECTION 4.12. Notice of Breach to Rating Agencies, etc. . Promptly after a Responsible Officer of the Seller obtains actual knowledge thereof, in the event of a breach in any material respect (without regard to any materiality qualifier contained in such representation, warranty or covenant) of any of the Seller's representations, warranties or covenants contained herein, the Seller shall promptly notify the Issuer, the Indenture Trustee, the Commission and the Rating Agencies of such breach (with prior written notice to the Servicer in order to enable compliance with Section 8.13 of the Servicing Agreement). For the avoidance of doubt, any breach which would adversely affect scheduled payments on the SAC Bonds will be deemed to be a material breach for purposes of this Section 4.12.

SECTION 4.13. Use of Proceeds. The Seller shall use the proceeds of the sale of the SAC Property in accordance with the Financing Order and the Securitization Law.

SECTION 4.14. Further Assurances. Upon the request of the Issuer, the Seller shall execute and deliver such further instruments and do such further acts as may be reasonably necessary to carry out more effectually the provisions and purposes of this Agreement.

ARTICLE V
THE SELLER

SECTION 5.01. Liability of Seller; Indemnities.

(a) The Seller shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Seller under this Agreement.

(b) The Seller shall indemnify the Issuer and the Indenture Trustee (for the benefit of the Secured Parties) and each of their respective officers, directors, employees, trustees, managers and agents for, and defend and hold harmless each such Person from and against, any and all taxes (other than taxes imposed on Holders as a result of their ownership of a SAC Bond) that may at any time be imposed on or asserted against any such Person under existing law as of the Closing Date as a result of the sale of the SAC Property by the Seller to the Issuer, the Issuer's acquisition or holding of the SAC Property, or the issuance and sale by the Issuer of the SAC Bonds, including any franchise, sales, gross receipts, general corporation, tangible personal property, privilege or license taxes but excluding any taxes imposed as a result of a failure of such Person to withhold or remit taxes with respect to payments on any SAC Bond, in the event and to the extent such taxes are not recoverable as Ongoing Financing Costs; it being understood that the Holders shall be entitled to enforce their rights against the Seller under this Section 5.01(b) solely through a cause of action brought for their benefit by the Indenture Trustee in accordance with the Indenture.

(c) The Seller shall indemnify the Issuer and the Indenture Trustee (for the benefit of the Secured Parties) and each of their respective officers, directors, employees, trustees, managers, and agents for, and defend and hold harmless each such Person from and against, any and all taxes (other than taxes imposed on Holders as a result of their ownership of a SAC Bond) that may at any time be imposed on or asserted against any such Person as a result of the Issuer's ownership and assignment of the SAC Property, the issuance and sale by the Issuer of the SAC Bonds or the other transactions contemplated in the Basic Documents, including any franchise, sales, gross receipts, general corporation, tangible personal property, privilege or license taxes but excluding any taxes imposed as a result of a failure of such Person to withhold or remit taxes with respect to payments on any SAC Bond; it being understood that the Holders shall be entitled to enforce their rights against the Seller under this Section 5.01(c) solely through a cause of action brought for their benefit by the Indenture Trustee in accordance with the Indenture.

(d) The Seller shall indemnify the Issuer, the Indenture Trustee (for the benefit of the Secured Parties) and each of their respective officers, directors, employees and agents for, and defend and hold harmless each such Person from and against all Losses that may be imposed on, incurred by or asserted against each such Person, in each such case, as a result of the Seller's breach of any of its representations, warranties or covenants contained in this Agreement.

(e) Indemnification under Section 5.01(b), Section 5.01(c), Section 5.01 (d) and Section 5.01 (f) shall include reasonable and documented out-of-pocket fees and expenses of investigation and litigation (including reasonable attorney's fees and expenses), except as otherwise expressly provided in this Agreement.

(f) The Seller shall indemnify the Indenture Trustee (for itself) and each Independent Manager, and any of their respective officers, directors, employees and agents (each, an "Indemnified Person") for, and defend and hold harmless each such Person from and against, any and all Losses incurred by any of such Indemnified Persons as a result of the Seller's breach in any material respect of any of its representations and warranties or covenants contained in this Agreement, except to the extent of Losses either resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person or resulting from a breach of a representation or warranty made by such Indemnified Person in any of the Basic Documents that gives rise to the Seller's breach. The Seller shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any action, proceeding or investigation without the prior written consent of the Seller which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Person of notice of the commencement of any action, proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Seller under this Section 5.01(f), notify the Seller in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Seller shall relieve the Seller from the obligation to indemnify and hold harmless such Indemnified Person under this Section 5.01(f) only to the extent that the Seller suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.01(f), the Seller shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defense of any such action, proceeding or investigation (in which case the Seller shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided that the Indemnified Person shall have the right to participate in such action, proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Seller's election to assume the defense of any action, proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel (including local counsel), and the Seller shall bear the reasonable fees, costs and expenses of such separate counsel if: (i) the defendants in any such action include both the Indemnified Person and the Seller and the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the Seller; (ii) the Seller shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action; (iii) the Seller shall authorize the Indemnified Person in writing to employ separate counsel at the expense of the Seller; or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the Seller shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate.

(g) The Seller shall indemnify the Servicer (if the Servicer is not the Seller) for the costs of any action instituted by the Servicer pursuant to Section 5.02(d) of the Servicing Agreement which are not paid as Operating Expenses in accordance with the priorities set forth in Section 8.02(e) of the Indenture.

(h) The remedies provided in this Agreement are the sole and exclusive remedies against the Seller for breach of its representations and warranties in this Agreement.

(i) Indemnification under this Section 5.01 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Securitization Law or the Financing Order and shall survive the resignation or removal of the Indenture Trustee or the termination of this Agreement and will rank in priority with other general, unsecured obligations of the Seller. The Seller shall not indemnify any party under this Section 5.01 for any changes in law after the Closing Date, whether such changes in law are effected by means of any legislative enactment, constitutional amendment or any final and non-appealable judicial decision.

SECTION 5.02. Merger, Conversion or Consolidation of, or Assumption of the Obligations of, Seller. Any Person: (a) into which the Seller may be merged, converted or consolidated (by operation of law or otherwise); (b) that may result from any merger, conversion or consolidation to which the Seller shall be a party; (c) that may succeed to the properties and assets of the Seller substantially as a whole; (d) which is a successor entity resulting from the division of the Seller into two or more Persons; or (e) which otherwise succeeds to all or substantially all of the electric transmission and distribution business of the Seller (or, if transmission and distribution are not provided by a single entity, which provides wire service directly to Customers), and which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Seller hereunder (including the Seller's obligations under Section 5.01 incurred at any time prior to or after the date of such assumption), shall be the successor to the Seller under this Agreement (a "Permitted Successor") without further act on the part of any of the parties to this Agreement; provided, however, that:

(i) immediately after giving effect to such transaction, no representation, warranty or covenant made by the Seller pursuant to Article III or Article IV shall be breached in any material respect and, to the extent the Seller is the Servicer, no Servicer Default, and no event which, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing,

(ii) the Seller shall have delivered to the Issuer, the Indenture Trustee and each Rating Agency an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger, division or succession and such agreement of assumption comply with this Section 5.02 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with,

(iii) the Seller shall have delivered to the Issuer, the Indenture Trustee and each Rating Agency an Opinion of Counsel from external counsel of the Seller either (A) stating that, in the opinion of such counsel, all filings to be made by the Seller and the Issuer, including filings with the Commission pursuant to the Securitization Law, have been authorized, executed (if applicable) and filed that are necessary to fully preserve and protect the respective ownership or security interest, as applicable, of the Issuer and the Indenture Trustee in all of the SAC Property and reciting the details of such filings, or (B) stating that, in the opinion of such counsel, no such action shall be necessary to preserve and protect such interests,

(iv) the Seller shall have delivered to the Issuer, the Indenture Trustee and the Rating Agencies an Opinion of Counsel from independent tax counsel stating that, for U.S. federal income tax purposes, such consolidation, conversion, merger, division or succession and such agreement of assumption will not result in a material U.S. federal income tax consequence to the Issuer or the Holders of SAC Bonds, and

(v) the Seller shall have given the Rating Agencies prior written notice of such transaction (with prior written notice to the Servicer in order to enable compliance with Section 8.13 of the Servicing Agreement). When any Person (or more than one Person) acquires the properties and assets of the Seller substantially as a whole or otherwise becomes the successor, whether by merger, conversion, consolidation, sale, transfer, lease, management contract or otherwise, to all or substantially all of the electric transmission and distribution business of the Seller (or, if transmission and distribution are not provided by a single entity, provides wire service directly to Customers) in accordance with the terms of this Section 5.02, then upon satisfaction of all of the other conditions of this Section 5.02, the preceding Seller shall automatically and without further notice be released from all of its obligations hereunder.

SECTION 5.03. Limitation on Liability of Seller and Others. The Seller and any director, officer, employee or agent of the Seller may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising hereunder. Subject to Section 4.07, the Seller shall not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its obligations under this Agreement, and that in its opinion may involve it in any expense or liability.

ARTICLE VI
MISCELLANEOUS PROVISIONS

SECTION 6.01. Amendment.

(a) This Agreement may be amended in writing by the Seller and the Issuer with ten (10) Business Days' prior written notice given to the Rating Agencies: (i) to cure any ambiguity, to correct or supplement any provisions in this Agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in this Agreement or of modifying in any manner the rights of the Holders; provided, however, that such action shall not, as evidenced by an Officer's Certificate of the Seller delivered to the Issuer and the Indenture Trustee, adversely affect in any material respect the interests of any Holder without the consent of the Holders of not less than a majority of the outstanding principal amount of the SAC Bonds; or (ii) to conform the provisions hereof to the description of this Agreement in the Prospectus. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

(b) In addition, this Agreement may be amended in writing by the Seller and the Issuer with: (i) the prior written consent of the Indenture Trustee; (ii) the satisfaction of the Rating Agency Condition; and (iii) if any amendment would adversely affect in any material respect the interest of any Holder of the SAC Bonds, the consent of the Holders of not less than a majority of the outstanding principal amount of the SAC Bonds. In determining whether a majority of Holders have consented, SAC Bonds owned by the Issuer, Seller or any Affiliate of the Issuer or Seller shall be disregarded, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such consent, the Indenture Trustee shall only be required to disregard any SAC Bonds it actually knows to be so owned. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

(c) It shall not be necessary for the consent of Holders pursuant to this Section 6.01 to approve the particular form of any proposed amendment or consent, but it shall be sufficient if such consent shall approve the substance thereof.

(d) Prior to executing, or consenting to, any amendment to this Agreement, the Issuer and the Indenture Trustee shall be entitled to request and rely upon an Officer's Certificate or Opinion of Counsel stating that such amendment is authorized or permitted by this Agreement and that all conditions precedent provided for in this Agreement relating to such amendment have been satisfied. Any Opinion of Counsel may be based, insofar as it relates to factual matters (including financial and capital markets), upon a certificate or opinion of, or representations by, an officer or officers of the Seller or the Issuer and other documents necessary and advisable in the judgment of counsel delivering such opinion. The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into or consent to, as applicable, any such amendment which affects such Person's own rights, duties, liabilities or immunities under this Agreement or otherwise.

SECTION 6.02. Notices. All demands, notices and communications upon or to the Seller, the Issuer, the Indenture Trustee, the Commission or the Rating Agencies under this Agreement shall be sufficiently given for all purposes hereunder if in writing, and delivered personally, mail by certified mail, postage prepaid, sent by documented delivery service or, to the extent receipt is confirmed, sent by email or other form of electronic transmission:

(a) in the case of the Seller, to Appalachian Power Company, at 1 Riverside Plaza, Columbus, Ohio 43215, Attention: Treasurer, Telephone: (614) 716-1000, Email: Treasury_Operations_AEP@aep.com;

(b) in the case of the Issuer, Appalachian Power Recovery Funding LLC, at 1051 East Cary St., Suite 1100, Richmond, Virginia 23219, Attention: Managers, Telephone: (614) 716-1000, Email: Treasury_Operations_AEP@aep.com;

(c) in the case of the Indenture Trustee, to the Corporate Trust Office;

(d) in the case of the Commission, to State Corporation Commission of the Commonwealth of Virginia, 1300 East Main Street, 10th Floor, Tyler Building, Richmond, Virginia 23219, Telephone: (804) 371-9733, Email: sccefile@scc.virginia.gov;

(e) in the case of Moody's, to Moody's Investors Service, Inc., ABS/RMBS Monitoring Department, 24th Floor, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Email: ServicerReports@moodys.com (all such notices to be delivered to Moody's in writing by email), and solely for purposes of Rating Agency Condition communications: abscormonitoring@moodys.com;

(f) in the case of Standard & Poor's, to Standard & Poor's Ratings Group, Inc., Structured Credit Surveillance, 55 Water Street, New York, New York 10041, Telephone: (212) 438-8991, Email: servicer_reports@spglobal.com (all such notices to be delivered to Standard & Poor's in writing by email); or

(g) as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

SECTION 6.03. Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 5.02, this Agreement may not be assigned by the Seller.

SECTION 6.04. Limitations on Rights of Third Parties. The provisions of this Agreement are solely for the benefit of the Seller, the Issuer, the Indenture Trustee (for the benefit of the Secured Parties) and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the SAC Property or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

SECTION 6.05. Severability; Electronic Signatures. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Each party hereto agrees that this Agreement may be electronically signed, that any digital or electronic signatures appearing on this Agreement are the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and that delivery of any such electronic signature to, or a signed copy of, this Agreement may be made by facsimile, email or other electronic transmission.

SECTION 6.06. Separate Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 6.07. Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 6.08. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 6.09. Assignment to Indenture Trustee. The Seller hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Secured Parties of all right, title and interest of the Issuer in, to and under this Agreement, the SAC Property and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Secured Parties. For the avoidance of doubt, the Indenture Trustee is a third-party beneficiary of this Agreement and is entitled to the rights and benefits hereunder and may enforce the provisions hereof as if it were a party hereto.

SECTION 6.10. Limitation of Liability. It is expressly understood and agreed by the parties hereto that this Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee on behalf of the Secured Parties, in the exercise of the powers and authority conferred and vested in it. The Indenture Trustee in acting hereunder is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

SECTION 6.11. Waivers. Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof; provided, however, that no such waiver or extension delivered by the Issuer shall be effective unless the Indenture Trustee (acting at the written direction of the Holders of a majority of the Outstanding Amount of the Bonds) has given its prior written consent thereto. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

APPALACHIAN POWER RECOVERY FUNDING LLC,
as Issuer

By: _____
Name:
Title:

APPALACHIAN POWER COMPANY,
as Seller

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Indenture Trustee

By: _____
Name:
Title:

EXHIBIT A

FORM OF
BILL OF SALE

1. This Bill of Sale is being delivered pursuant to the Securitized Asset Cost Property Purchase and Sale Agreement, dated as of [•], 2026 (the "Sale Agreement"), by and between Appalachian Power Company (the "Seller") and Appalachian Power Recovery Funding LLC (the "Issuer"). All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Sale Agreement.

2. In consideration of the Issuer's delivery to or upon the order of the Seller of $[•], the Seller does hereby irrevocably sell, assign and transfer to the Issuer, without recourse or warranty, except as set forth in the Sale Agreement, all right, title and interest of the Seller in and to the SAC Property identified on Schedule 1 hereto (such sale, assignment, and transfer of the SAC Property includes, to the fullest extent permitted by the Securitization Law, the right to impose, bill, charge, collect and receive SAC Charges and the assignment of all revenues, collections, claims, rights to payments, payments, moneys or proceeds of or arising from the SAC Charges as related to the SAC Property, as the same may be adjusted from time to time). Such sale, assignment, and transfer is hereby expressly stated to be a sale and, pursuant to Section 56-249.8:E.3.a of the Securitization Law and other applicable law, shall be an absolute transfer and true sale of, and not a pledge of or secured transaction relating to, the Seller's right, title and interest in, to and under the SAC Property. The Seller and the Issuer agree that after giving effect to the sale, assignment, and transfer contemplated hereby the Seller has no right, title or interest in or to the SAC Property to which a security interest could attach because: (i) it has sold, assigned, and transferred all right, title and interest in and to the SAC Property to the Issuer; (ii) as provided in Section 56-249.8:E.1.a. of the Securitization Law, such rights to impose, bill, charge, collect and receive SAC Charges are existing, present intangible property rights which will be created simultaneously when such rights are first transferred to an assignee and pledged in connection with the issuance of the SAC Bonds; (iii) appropriate notice has been filed in accordance with the rules prescribed by the Secretary of State; and (iv) as provided in Section 56-249.8:E.2.c. such transfer of an interest in SAC Property to an assignee is perfected against all third parties, including subsequent judicial or other lien creditors or any claims of the Seller or creditors of the Seller. If such sale, assignment and transfer is held by any court of competent jurisdiction not to be a true sale as provided in Section 56-249.8:E of the Securitization Law, then such sale, assignment and transfer shall be treated as a pledge of the SAC Property and as the creation of a security interest (within the meaning of the Securitization Law and the UCC) in the SAC Property and, without prejudice to its position that it has absolutely transferred all of its rights in the SAC Property to the Issuer, the Seller hereby grants a security interest in the SAC Property to the Issuer (and to the Indenture Trustee for the benefit of the Secured Parties) to secure their respective rights under the Basic Documents to receive the SAC Charges and all other SAC Property.

3. The Issuer does hereby purchase the SAC Property from the Seller for the consideration set forth in the preceding paragraph.

4. The Seller and the Issuer each acknowledge and agree that the purchase price for the SAC Property sold pursuant to this Bill of Sale and the Sale Agreement is equal to its fair market value at the time of sale.

5. The Seller confirms that (i) each of the representations and warranties on the part of the Seller contained in the Sale Agreement are true and correct in all respects on the date hereof as if made on the date hereof and (ii) each condition precedent that must be satisfied under Section 2.02 of the Sale Agreement has been satisfied upon or prior to the execution and delivery of this Bill of Sale by the Seller.

6. This Bill of Sale may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

7. THIS BILL OF SALE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

IN WITNESS WHEREOF, the Seller and the Issuer have duly executed this Bill of Sale as of the ___ day of _____, 2026.

APPALACHIAN POWER RECOVERY FUNDING LLC

By: _____
Name:
Title:

APPALACHIAN POWER COMPANY

By: _____
Name:
Title:

SCHEDULE 1
to
BILL OF SALE

SAC PROPERTY

All SAC Property created or arising under the Financing Order dated as of November 24, 2025, issued by the Commission in Case No. PUR-2025-00116 pursuant to the Securitization Law.

Exhibit 10.3

ADMINISTRATION AGREEMENT

This ADMINISTRATION AGREEMENT, dated as of [●], 2026 (this "Administration Agreement"), is entered into by and between APPALACHIAN POWER COMPANY ("APCo"), a Virginia corporation, as administrator (in such capacity, the "Administrator"), and APPALACHIAN POWER RECOVERY FUNDING LLC, a Delaware limited liability company (the "Issuer"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in Appendix A to the Indenture (as defined below). Not all terms defined in Appendix A are used in this Administration Agreement. The rules of construction set forth in Appendix A shall apply to this Administration Agreement and are hereby incorporated by reference into this Administration Agreement as if set forth in this Administration Agreement.

W I T N E S S E T H:

WHEREAS, the Issuer is issuing SAC Bonds pursuant to that certain Indenture (including Appendix A thereto) dated as of [●], 2026 (as amended and supplemented by the Series Supplement dated as of [●], 2026, the "Indenture"), by and between the Issuer and U.S. Bank Trust Company, National Association, a national banking association, not in its individual capacity but solely in its capacity as indenture trustee (the "Indenture Trustee") and U.S. Bank National Association, a national banking association, not in its individual capacity but solely in its capacity as a securities intermediary (the "Securities Intermediary"), as the same may be amended, restated, supplemented or otherwise modified from time to time;

WHEREAS, the Issuer has entered into certain agreements in connection with the issuance of the SAC Bonds, including (i) the Indenture, (ii) the Securitized Asset Cost Property Servicing Agreement, dated as of [●], 2026 (the "Servicing Agreement"), by and between the Issuer and APCo, as Servicer, (iii) the Securitized Asset Cost Property Purchase and Sale Agreement, dated as of [●], 2026 (the "Sale Agreement"), by and between the Issuer and APCo, as Seller, and (iv) the other Basic Documents to which the Issuer is a party, relating to the SAC Bonds (the Indenture, the Servicing Agreement, the Sale Agreement and the other Basic Documents to which the Issuer is a party, as such agreements may be amended and supplemented from time to time, being referred to hereinafter collectively as the "Initial Related Agreements");

WHEREAS, pursuant to the Initial Related Agreements, the Issuer is required to perform certain duties in connection with the Initial Related Agreements, the SAC Bonds and the SAC Bond Collateral pledged to the Indenture Trustee pursuant to the Indenture;

WHEREAS, the Issuer may from time to time enter into and be required to perform certain duties under additional agreements similar to the Initial Related Agreements (together with the Initial Related Agreements, the "Related Agreements");

WHEREAS, the Issuer has no employees, other than its officers and Managers (as defined below), and does not intend to hire any employees, and consequently desires to have the Administrator perform certain of the duties of the Issuer referred to in the preceding clauses and to provide such additional services consistent with the terms of this Administration Agreement and the Related Agreements as the Issuer may from time-to-time request; and

WHEREAS, the Administrator has the capacity to provide the services and the facilities required thereby and is willing to perform such services and provide such facilities for the Issuer on the terms set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Duties of the Administrator – Management Services. The Administrator hereby agrees to provide the following corporate management services to the Issuer and to cause third parties to provide professional services required for or contemplated by such services in accordance with the provisions of this Administration Agreement:

(a) furnish the Issuer with ordinary clerical, bookkeeping and other corporate administrative services necessary and appropriate for the Issuer, including, without limitation, the following services:

(i) without duplication of the Servicers' obligations under the Servicing Agreement, maintain at the Premises (as defined below) general accounting records of the Issuer (the "Account Records"), subject to year-end audit, in accordance with generally accepted accounting principles, separate and apart from its own accounting records, prepare or cause to be prepared such quarterly and annual financial statements as may be necessary or appropriate and arrange for year-end audits of the Issuer's financial statements by the Issuer's independent accountants;

(ii) prepare and, after execution by the Issuer, file with the Securities and Exchange Commission (the "SEC") and any applicable state agencies documents required to be filed by the Issuer with the SEC and any applicable state agencies, including, without limitation, periodic reports required to be filed under the Exchange Act, as amended;

(iii) prepare for execution by the Issuer and cause to be filed such income, franchise or other tax returns of the Issuer as shall be required to be filed by applicable law (the "Tax Returns") and cause to be paid on behalf of the Issuer from the Issuer's funds any taxes required to be paid by the Issuer under applicable law;

(iv) prepare or cause to be prepared for execution by the Issuer's managers (the "Managers") minutes of the meetings of the Managers and such other documents deemed appropriate by the Issuer to maintain the separate limited liability company existence and good standing of the Issuer (the "Company Minutes") or otherwise required under the Related Agreements (together with the Account Records, the Tax Returns, the Company Minutes, the LLC Agreement, and the Certificate of Formation, the "Issuer Documents"), and any other documents deliverable by the Issuer thereunder or in connection therewith; and

(v) hold, maintain and preserve at the Premises (hereinafter defined) (or such other place as shall be required by any of the Related Agreements) executed copies (to the extent applicable) of the Issuer Documents and other documents executed by the Issuer thereunder or in connection therewith;

(b) take such actions on behalf of the Issuer, as are necessary or desirable for the Issuer to keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware and obtain and preserve its qualification to do business in each jurisdiction in which it becomes necessary to be so qualified;

(c) take such actions on behalf of the Issuer as are necessary for the issuance and delivery of the SAC Bonds;

(d) provide for the performance by the Issuer of its obligations under each of the Related Agreements, and prepare, or cause to be prepared, all documents, reports, filings, instruments, notices, certificates and opinions that it shall be the duty of the Issuer to prepare, file or deliver pursuant to the Related Agreements;

(e) to the full extent allowable under applicable law, enforce each of the rights of the Issuer under the Related Agreements, at the direction of the Indenture Trustee (acting at the written direction of the Holders representing at least a majority of the Outstanding Amount of the SAC Bonds);

(f) provide for the defense, at the direction of the Managers, of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any of its assets;

(g) provide office space (the "Premises") for the Issuer and such reasonable ancillary services as are necessary to carry out the obligations of the Administrator hereunder, including telecopying, duplicating and word processing services;

(h) undertake such other administrative services as may be appropriate, necessary or requested by the Issuer; and

(i) provide such other services as are incidental to the foregoing or as the Issuer and the Administrator may agree.

In providing the services under this Section 1 and as otherwise provided under this Administration Agreement, the Administrator will not knowingly take any actions on behalf of the Issuer which (i) the Issuer is prohibited from taking under the Related Agreements, or (ii) would cause the Issuer to be in violation of any U.S. federal, state or local law or the LLC Agreement.

In performing its duties hereunder, the Administrator shall use the same degree of care and diligence that the Administrator exercises with respect to performing such duties for its own account and, if applicable, for others.

2. Compensation. As compensation for the performance of the Administrator's obligations under this Administration Agreement (including the compensation of Persons serving as Manager(s), other than the Independent Manager(s), and officers of the Issuer, but, for the avoidance of doubt, excluding the performance by APCo of its obligations in its capacity as Servicer), the Administrator shall be entitled to $100,000 annually (the "Administration Fee"), payable by the Issuer in semi-annual installments of $50,000 on each Payment Date, which amount will be pro-rated for the first and final Payment Dates, plus out-of-pocket expenses of administering the Issuer and to preserve the integrity of the bankruptcy-remote structure of the Issuer and the high credit quality of the SAC Bonds. The Administrator shall be entitled to be reimbursed by the Issuer for all costs and expenses of services performed by unaffiliated third parties and actually incurred by the Administrator in connection with the performance of its obligations under this Administration Agreement in accordance with Section 3 (but, for the avoidance of doubt, excluding any such costs and expenses incurred by APCo in its capacity as Servicer), to the extent that such costs and expenses are supported by invoices or other customary documentation and are reasonably allocated to the Issuer ("Reimbursable Administrative Expenses").

3. Third Party Services. Any services required for or contemplated by the performance of the above-referenced services by the Administrator to be provided by unaffiliated third parties (including independent accountant's/auditor's fees and legal counsel fees) may, if provided for or otherwise contemplated by the Financing Order and if the Issuer deems it necessary or desirable, be arranged by the Issuer or by the Administrator at the direction (which may be general or specific) of the Issuer. Costs and expenses associated with the contracting for such third-party professional services may be paid directly by the Issuer or paid by the Administrator and reimbursed by the Issuer in accordance with Section 2, or otherwise as the Administrator and the Issuer may mutually arrange.

4. Additional Information to be Furnished to the Issuer. The Administrator shall furnish to the Issuer from time to time such additional information regarding the SAC Bond Collateral as the Issuer shall reasonably request.

5. Independence of the Administrator. For all purposes of this Administration Agreement, the Administrator shall be an independent contractor and shall not be subject to the supervision of the Issuer with respect to the manner in which it accomplishes the performance of its obligations hereunder. Unless expressly authorized by the Issuer or in this Administration Agreement, the Administrator shall have no authority, and shall not hold itself out as having the authority, to act for or represent the Issuer in any way and shall not otherwise be deemed an agent of the Issuer.

6. No Joint Venture. Nothing contained in this Administration Agreement (a) shall constitute the Administrator and the Issuer as partners or co-members of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, (b) shall be construed to impose any liability as such on either of them or (c) shall be deemed to confer on either of them any express, implied or apparent authority to incur any obligation or liability on behalf of the other.

7. Other Activities of Administrator. Nothing herein shall prevent the Administrator or any of its directors, members, managers, officers, employees, subsidiaries or affiliates from engaging in other businesses or, in its sole discretion, from acting in a similar capacity as an Administrator for any other person or entity even though such person or entity may engage in business activities similar to those of the Issuer.

8. Term of Agreement; Resignation and Removal of Administrator.

(a) This Administration Agreement shall continue in force until the payment in full of the SAC Bonds and any other amount which may become due and payable under the Indenture, upon which event this Administration Agreement shall automatically terminate.

(b) Subject to Sections 8(e) and 8(f), the Administrator may resign its duties hereunder by providing the Issuer, the Indenture Trustee and the Rating Agencies with at least sixty (60) days' prior written notice.

(c) Subject to Sections 8(e) and 8(f), the Issuer may remove the Administrator without cause by providing the Administrator, the Indenture Trustee and the Rating Agencies with at least sixty (60) days' prior written notice.

(d) Subject to Sections 8(e) and 8(f), at the sole option of the Issuer, the Administrator may be removed immediately upon written notice of termination from the Issuer to the Administrator and the Rating Agencies if any of the following events shall occur:

(i) the Administrator shall default in the performance of any of its duties under this Administration Agreement and, after notice of such default, shall fail to cure such default within ten (10) days (or, if such default cannot be cured in such time, shall (A) fail to give within ten (10) days such assurance of cure as shall be reasonably satisfactory to the Issuer and (B) fail to cure such default within thirty (30) days thereafter);

(ii) a court of competent jurisdiction shall enter a decree or order for relief, and such decree or order shall not have been vacated within sixty (60) days, in respect of the Administrator in any involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or such court shall appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Administrator or any substantial part of its property or order the winding-up or liquidation of its affairs; or

(iii) the Administrator shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, shall consent to the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Administrator or any substantial part of its property, shall consent to the taking of possession by any such official of any substantial part of its property, shall make any general assignment for the benefit of creditors or shall fail generally to pay its debts as they become due.

The Administrator agrees that if any of the events specified in clauses (ii) or (iii) of this Section 8(d) shall occur, it shall give written notice thereof to the Issuer and the Indenture Trustee as soon as practicable but in any event within seven (7) days after the happening of such event.

(e) No resignation or removal of the Administrator pursuant to this Section 8 shall be effective until a successor Administrator has been appointed by the Issuer, and such successor Administrator has agreed in writing to be bound by the terms of this Administration Agreement in the same manner as the Administrator is bound hereunder.

(f) The appointment of any successor Administrator shall be effective only after satisfaction of the Rating Agency Condition with respect to the proposed appointment.

9. Action upon Termination, Resignation or Removal. Promptly upon the effective date of termination of this Administration Agreement pursuant to Section 8(a), the resignation of the Administrator pursuant to Section 8(b) or the removal of the Administrator pursuant to Sections 8(c) or 8(d), the Administrator shall be entitled to be paid a pro-rated portion of the annual fee described in Section 2 hereof through the date of termination and all Reimbursable Administrative Expenses incurred by it through the date of such termination, resignation or removal. The Administrator shall forthwith upon such termination pursuant to Section 8(a) deliver to the Issuer all property and documents of or relating to the SAC Bond Collateral then in the custody of the Administrator. In the event of the resignation of the Administrator pursuant to Section 8(b) or the removal of the Administrator pursuant to Sections 8(c) or 8(d), the Administrator shall cooperate with the Issuer and take all reasonable steps requested to assist the Issuer in making an orderly transfer of the duties of the Administrator.

10. Administrator's Liability. Except as otherwise provided herein, the Administrator assumes no liability other than to render or stand ready to render the services called for herein, and neither the Administrator nor any of its directors, members, managers, officers, employees, subsidiaries or affiliates shall be responsible for any action of the Issuer or any of the members, managers, officers, employees, subsidiaries or affiliates of the Issuer (other than the Administrator itself). The Administrator shall not be liable for, nor shall it have any obligation with regard to any of the liabilities, whether direct or indirect, absolute or contingent of the Issuer or any of the members, managers, officers, employees, subsidiaries or affiliates of the Issuer (other than the Administrator itself).

11. INDEMNITY.

(a) SUBJECT TO THE PRIORITY OF PAYMENTS SET FORTH IN THE INDENTURE, THE ISSUER SHALL INDEMNIFY THE ADMINISTRATOR, ITS DIRECTORS, MEMBERS, MANAGERS, OFFICERS, EMPLOYEES AND AFFILIATES AGAINST ALL LOSSES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, LIABILITIES AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ALL EXPENSES OF LITIGATION OR PREPARATION THEREFOR WHETHER OR NOT THE ADMINISTRATOR IS A PARTY THERETO) WHICH ANY OF THEM MAY PAY OR INCUR ARISING OUT OF OR RELATING TO THIS ADMINISTRATION AGREEMENT AND THE SERVICES CALLED FOR HEREIN; PROVIDED, HOWEVER, THAT SUCH INDEMNITY SHALL NOT APPLY TO ANY SUCH LOSS, CLAIM, DAMAGE, PENALTY, JUDGMENT, LIABILITY OR EXPENSE RESULTING FROM THE ADMINISTRATOR'S NEGLIGENCE OR WILLFUL MISCONDUCT IN THE PERFORMANCE OF ITS OBLIGATIONS HEREUNDER.

(b) THE ADMINISTRATOR SHALL INDEMNIFY THE ISSUER, ITS MEMBERS, MANAGERS, OFFICERS AND EMPLOYEES AGAINST ALL LOSSES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, LIABILITIES AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ALL EXPENSES OF LITIGATION OR PREPARATION THEREFOR WHETHER OR NOT THE ISSUER IS A PARTY THERETO) WHICH ANY OF THEM MAY INCUR AS A RESULT OF THE ADMINISTRATOR'S NEGLIGENCE OR WILLFUL MISCONDUCT IN THE PERFORMANCE OF ITS OBLIGATIONS HEREUNDER.

12. Notices. Any notice, report or other communication given hereunder shall be in writing and addressed as follows:

(a) if to the Issuer, to:

Appalachian Power Recovery Funding LLC
1051 East Cary St., Suite 1100
Richmond, Virginia 23219
Attention: Managers
Telephone: (614) 716-1000
Email: Treasury_Operations_AEP@aep.com

(b) if to the Administrator, to:

Appalachian Power Company
1 Riverside Plaza
Columbus, Ohio 43215
Attention: Treasurer
Telephone: (614) 716-1000
Email: Treasury_Operations_AEP@aep.com

(c) if to the Indenture Trustee, to the Corporate Trust Office;

or to such other address as any party shall have provided to the other parties in writing. In the case of the Issuer or the Administrator, any notice required to be in writing hereunder shall be deemed given if such notice is (i) mailed by certified mail, postage prepaid, (ii) delivered by overnight courier, (iii) hand-delivered or (iv) transmitted by electronic transmission with a confirmation of receipt, in each case to the address of such party as provided above. In the case of the Indenture Trustee, any notice required hereunder shall be in writing and shall be effective pursuant to the terms of Section 10.04 of the Indenture.

13. Amendments. This Administration Agreement may be amended from time to time (without the consent of the Indenture Trustee or any of the Holders) by a written amendment duly executed and delivered by each of the Issuer and the Administrator with ten (10) Business Days' prior written notice given to the Rating Agencies to: (i) cure any ambiguity, to correct or supplement any provisions in this Administration Agreement or for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in this Administration Agreement or of modifying in any manner the rights of the Holders; provided, however, that the Issuer and the Indenture Trustee shall receive an Officer's Certificate from the Administrator stating that the execution of such amendment shall not adversely affect in any material respect the interests of any Holder and that all conditions precedent have been satisfied; or (ii) conform the provisions hereof to the description of this Administration Agreement in the Prospectus.

In addition, this Administration Agreement may be amended from time-to-time by a written amendment duly executed and delivered by each of the Issuer and the Administrator with the prior written consent of the Indenture Trustee and the satisfaction of the Rating Agency Condition; provided that any such amendment may not adversely affect the interest of any Holder in any material respect without the consent of the Holders of a majority of the outstanding principal amount of the SAC Bonds. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

14. Successors and Assigns. This Administration Agreement may not be assigned by the Administrator unless such assignment is previously consented to in writing by the Issuer and the Indenture Trustee (acting at the written direction of the Holders of the SAC Bonds representing a majority of the Outstanding Amount of SAC Bonds) and subject to the satisfaction of the Rating Agency Condition in connection therewith. Any assignment with such consent and satisfaction, if accepted by the assignee, shall bind the assignee hereunder in the same manner as the Administrator is bound hereunder. Notwithstanding the foregoing, this Administration Agreement may be assigned by the Administrator without the consent of the Issuer or the Indenture Trustee and without satisfaction of the Rating Agency Condition to a corporation or other organization that is a successor (by merger, reorganization, consolidation or purchase of assets) to the Administrator, including without limitation any Permitted Successor; provided that such successor or organization executes and delivers to the Issuer an agreement in which such corporation or other organization agrees to be bound hereunder by the terms of said assignment in the same manner as the Administrator is bound hereunder. Subject to the foregoing, this Administration Agreement shall bind any successors or assigns of the parties hereto. Upon satisfaction of all of the conditions of this Section 14, the preceding Administrator shall automatically and without further notice be released from all of its obligations hereunder.

15. Governing Law. This Administration Agreement shall be construed in accordance with the laws of the Commonwealth of Virginia, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

16. Headings. The Section headings hereof have been inserted for convenience of reference only and shall not be construed to affect the meaning, construction or effect of this Administration Agreement.

17. Counterparts; Electronic Signatures. This Administration Agreement may be executed in counterparts, each of which when so executed shall be an original, but all of which together shall constitute but one and the same Administration Agreement. Each party hereto agrees that this Administration Agreement may be electronically signed, that any digital or electronic signatures appearing on this Administration Agreement are the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and that delivery of any such electronic signature to, or a signed copy of, this Administration Agreement may be made by facsimile, email or other electronic transmission.

18. Severability. Any provision of this Administration Agreement that is prohibited or unenforceable in any jurisdiction shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

19. Nonpetition Covenant. Notwithstanding any prior termination of this Administration Agreement, the Administrator covenants that it shall not, prior to the date which is one year and one day after payment in full of the SAC Bonds, acquiesce, petition or otherwise invoke or cause the Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any U.S. federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Issuer.

20. Assignment to Indenture Trustee. The Administrator hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Secured Parties pursuant to the Indenture of any or all of the Issuer's rights hereunder and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Secured Parties. For the avoidance of doubt, the Indenture Trustee is a third-party beneficiary of this Administration Agreement and is entitled to the rights and benefits hereunder and may enforce the provisions hereof as if it were a party hereto.

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IN WITNESS WHEREOF, the parties have caused this Administration Agreement to be duly executed and delivered as of the day and year first above written.

APPALACHIAN POWER RECOVERY FUNDING LLC,
as Issuer

By: _____
Name:
Title:

APPALACHIAN POWER COMPANY,
as Administrator

By: _____
Name:
Title:

Exhibit 10.4

INTERCREDITOR AGREEMENT

This INTERCREDITOR AGREEMENT (this "Agreement") is made as of September 7, 2022, and amended and restated as of December 9, 2024 (the "A&R Date"), by and among:

(a) each Person designated in an Effective Joinder (as defined in Section 12(b) of this Agreement) (i) as a "Company" (each, in its individual capacity, the "Company"), (ii) as a "Receivables Sub-Servicer" (each, including any successor in such capacity, a "Receivables Sub-Servicer"), and (iii) as a "Securitization Property Servicer" (including any successor in such capacity, the "Securitization Property Servicer");

(b) each Person designated in an Effective Joinder as a "Bond Issuer" (each, a "Bond Issuer");

(c) each Person designated in an Effective Joinder as an "Indenture Trustee" (each, in its capacity as indenture trustee under the applicable Indenture, including any successor in such capacity, an "Indenture Trustee");

(d) AEP Credit, Inc. ("Receivables Buyer"), a Delaware corporation; and

(e) JPMorgan Chase Bank, N.A., as Administrative Agent (in such capacity, and including any successor agent, the "Receivables Administrative Agent") for the Receivables Purchasers referred to below and as Control Agent (as defined below).

WHEREAS, pursuant to the terms of each "Purchase Agreement" designated as such in an Effective Joinder (each, as previously amended and as it may hereafter from time to time be further amended, restated or modified and as supplemented from time to time, a "Purchase Agreement"), between Receivables Buyer and the applicable Company, each Company has sold and may hereafter sell to Receivables Buyer all of such Company's right, title and interest in and to certain Outstanding Receivables and Collections (as such terms are defined in the applicable Purchase Agreement prior to any amendment thereof; and the Outstanding Receivables, Collections thereof and all proceeds of the foregoing are collectively referred to herein as the "Receivables");

WHEREAS, pursuant to that certain Fourth Amended and Restated Receivables Purchase Agreement, dated as of June 25, 2014 (as previously amended and as it may hereafter from time to time be further amended, restated or modified and as supplemented from time to time, the "Receivables Purchase Agreement"), by and among the Receivables Buyer, American Electric Power Service Corporation, a New York corporation ("AEPSC"), the Receivables Administrative Agent and the financial institutions and other entities party thereto as purchasers (such purchasers and the Receivables Administrative Agent being collectively referred to as the "Receivables Purchasers"), Receivables Buyer has sold and may hereafter sell undivided interests in the Receivables to the Receivables Administrative Agent for the benefit of the Receivables Purchasers;

WHEREAS, pursuant to the terms of the Purchase Agreement, the Receivables Purchase Agreement and each "Agency Agreement" designated as such in an Effective Joinder (each, as previously amended and as it may hereafter from time to time be further amended, restated or modified and as supplemented from time to time, an "Agency Agreement", and together with the Purchase Agreements, the Receivables Purchase Agreement and the other Agency Agreements, collectively, the "Receivables Agreements"), AEPSC has been appointed as a servicer (the "Receivables Servicer") and has agreed to provide certain servicing and collection functions with respect to the Receivables, and each Receivables Sub-Servicer has agreed to act as a sub-servicer on behalf of the Receivables Servicer in order to perform certain of the Receivables Servicer's functions and duties under the applicable Receivables Agreements;

WHEREAS, pursuant to the terms of each "Sale Agreement" designated as such in an Effective Joinder (each, as it may hereafter from time to time be amended, restated or modified, a "Sale Agreement"), between the applicable Bond Issuer and the applicable Company in its capacity as seller, each Company has sold to the applicable Bond Issuer all of such Company's right, title and interest in and to the applicable "Securitization Property" designated as such in the related Effective Joinder;

WHEREAS, pursuant to the terms of each "Indenture" designated as such in an Effective Joinder (each, as it may hereafter from time to time be amended, restated or modified and as supplemented by any supplemental indentures, collectively, an "Indenture"), between the applicable Bond Issuer and the applicable Indenture Trustee, each Bond Issuer, among other things, has granted to the applicable Indenture Trustee a security interest in certain of its assets, including the applicable Securitization Property, to secure, among other things, the bonds issued pursuant to the applicable Indenture (the "Bonds");

WHEREAS, pursuant to the terms of each "Servicing Agreement" designated as such in an Effective Joinder (each, as it may hereafter from time to time be amended, restated or modified, a "Servicing Agreement," and the Servicing Agreement, together with the applicable Sale Agreement and the applicable Indenture, the "Bond Agreements"), between the applicable Bond Issuer and the applicable Securitization Property Servicer, each Securitization Property Servicer has agreed to provide for the benefit of the applicable Bond Issuer certain servicing and collection functions with respect to the applicable "Securitization Charges";

WHEREAS, with respect to each Company, the applicable Receivables and the applicable Securitization Charges will be invoiced collectively on single bills sent to such Company's retail customers (the "Customers"), which Customers are obligated to pay both such Receivables and such Securitization Charges, and the parties hereto wish to agree upon their respective rights relating to such Receivables and such Securitization Property and any bank accounts into which collections of the foregoing may be deposited, as well as other matters of common interest to them which arise under or result from the coexistence of the applicable Bond Agreements and the Receivables Agreements;

WHEREAS, the parties hereto are parties to the Intercreditor Agreement, dated as of September 7, 2022 (as amended heretofore, the "Existing Intercreditor Agreement"); and

WHEREAS, the parties hereto have, on the terms and conditions set forth herein, agreed to amend and restate the Existing Intercreditor Agreement in its entirety;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree to amend and restate the Existing Intercreditor Agreement as follows:

SECTION 1. Acknowledgment of Ownership Interests and Security Interests.

(a) Each of the parties hereto hereby acknowledges the ownership interest of each Bond Issuer in its respective Securitization Property, including the respective Securitization Charges and the revenues, collections, claims, rights, payments, money and proceeds arising therefrom, and the security interests granted therein in favor of the corresponding Indenture Trustee for the benefit of itself and the holders of the corresponding Bonds. Each of the parties hereto hereby acknowledges the ownership interest and security interests of the Receivables Buyer and the Receivables Purchasers in the Receivables and the revenues, collections, claims, rights, payments, money and proceeds arising therefrom. The parties hereto agree that each set of Securitization Property and the Receivables each shall constitute separate property rights notwithstanding that, with respect to each Company, the foregoing may be evidenced by a single bill. Each Company and each Receivables Sub-Servicer further agree that they will not include any Securitization Property in calculating the amount of, or as part of, the Receivables sold or to be sold under the Receivables Agreements. Accordingly, the Receivables Purchasers and each Receivables Sub-Servicer each acknowledge that, notwithstanding anything in the Receivables Agreements to the contrary, none of such parties has any interest in any Securitization Property, and each Indenture Trustee, each Bond Issuer and each Securitization Property Servicer further acknowledge that, notwithstanding anything in any Bond Agreements to the contrary, none of such parties has any interest in the Receivables.

(b) Each of the Receivables Administrative Agent and the Receivables Buyer hereby releases all liens and security interests of any kind whatsoever that the Receivables Administrative Agent or Receivables Buyer may hold in any Securitization Property. Each of the Receivables Administrative Agent and Receivables Buyer agrees, upon the reasonable written request of a Company or the applicable Indenture Trustee, to execute and deliver to such Indenture Trustee such UCC partial release statements and other documents and instruments, and to do such other acts and things, as the applicable Company or such Indenture Trustee may reasonably request in order to evidence the release provided for in this Section 1(b) or to execute and deliver to such Indenture Trustee any and all UCC financing statement amendments to exclude the Securitization Property from the assets covered by any existing UCC financing statements relating to the Receivables; provided, however, that failure to execute and deliver any such partial release statements, financing statement amendments, documents or instruments, or to do such acts and things, shall not affect or impair the release provided for in this Section 1(b).

(c) Each Bond Issuer and each Indenture Trustee hereby releases all liens and security interests of any kind whatsoever that any of them may hold in the Receivables. Each Bond Issuer and each Indenture Trustee agrees, upon the reasonable written request of the Receivables Administrative Agent or Receivables Buyer, to execute and deliver to the Receivables Administrative Agent or Receivables Buyer, as applicable, such UCC partial release statements and other documents and instruments, and to do such other acts and things,

as the Receivables Administrative Agent or Receivables Buyer may reasonably request in order to evidence the release provided for in this Section 1(c) or to execute and deliver to the Receivables Administrative Agent or Receivables Buyer, as applicable, UCC financing statement amendments to exclude such Receivables from the assets covered by any existing UCC financing statements relating to the applicable Securitization Property; provided, however, that failure to execute and deliver any such partial release statements, financing statement amendments, documents or instruments, or to do such acts and things, shall not affect or impair the release provided for in this Section 1(c).

(d) Each Bond Issuer and each Company hereby grants to each Indenture Trustee for the benefit of the applicable Secured Parties (as defined in the applicable Indenture) a security interest in all of such Bond Issuer's and such Company's, as applicable, right, title and interest in, to and under the Deposit Accounts (as defined below), including each Lock- Box, each Depositary Account and the AEP Utilities Account, each as defined under the Receivables Purchase Agreement, and all money, instruments, investment property and other property credited to or deposited in such Deposit Accounts and all proceeds of any thereof, in each case solely with respect to the applicable Securitization Property therein and the proceeds thereof. The foregoing security interest is intended to be prior to all other liens thereon and security interests therein. Each Indenture Trustee and the corresponding Secured Parties (as defined in the applicable Indenture) shall have, in addition to the rights and remedies that they may have under this Agreement, all other rights and remedies provided to a secured creditor under the UCC and other applicable law, which rights and remedies shall be cumulative. As no Company claims ownership of any Securitization Property, each Company's grant of the foregoing security interest is made as a precaution in the event that it is later determined that such Company has an interest in any Securitization Property.

(e) For purposes hereof, "UCC" means the Uniform Commercial Code, as in effect in the relevant jurisdiction, as amended from time to time.

SECTION 2. Deposit Accounts.

(a) The parties hereto each acknowledge that (1) collections with respect to the Receivables and each set of Securitization Property may from time to time be deposited into one or more designated accounts of Receivables Buyer, the applicable Receivables Sub- Servicer or the Securitization Property Servicer (the "Deposit Accounts") and (2) that such Deposit Accounts are subject to (x) a security interest of the Receivables Administrative Agent with respect to Receivables and the proceeds thereof (and not with respect to any Securitization Property and the proceeds thereof), (y) a security interest of the applicable Indenture Trustee with respect to the corresponding Securitization Property and the proceeds thereof (and not with respect to the Receivables, any other set of Securitization Property or the proceeds of any of the foregoing) and (z) (i) the Amended and Restated Depositary Account Agreement, dated as of August 25, 2004, among each Company, the Receivables Administrative Agent and The Huntington National Bank, (ii) the Depositary Account Agreement, dated as of December 7, 2007, among AEP Utilities, Inc., Receivables Buyer, the Receivables Administrative Agent and The Huntington National Bank, and (iii) the Secured Creditor Agreement without Notice of Sole Control, dated as of January 28, 2020, among Receivables Buyer, the Receivables Administrative Agent and The Bank of New York Mellon (each an "Existing Control Agreement" and collectively, the "Existing Control Agreements"). The Existing Control Agreements, together with any replacements thereto, and any additional control agreements in respect of the Deposit Accounts are referred to herein as the "Control Agreements."

(b) Subject to Section 4, each Company, in its capacities as a Receivables Sub- Servicer and as a Securitization Property Servicer, for the benefit of the parties hereto agrees to:

(i) maintain the collections in the Deposit Accounts for the benefit of the Receivables Buyer, the Receivables Administrative Agent and the Receivables Purchasers, and the applicable Bond Issuer, the applicable Indenture Trustee and the corresponding bondholders, as their respective interests may appear, subject to the perfected security interests of the Receivables Administrative Agent and such Indenture Trustee in the Deposit Accounts and the provisions of the Receivables Agreements, the applicable Bond Agreements and this Agreement;

(ii) allocate and remit funds from the Deposit Accounts (x) in the case of collections relating to the Receivables, allocate and remit funds to the Receivables Purchasers and the Receivables Buyer at the times and in the manner specified in the Receivables Agreements and (y) in the case of collections relating to the applicable Securitization Property, at the times and in the manner specified in the applicable Bond Agreements to the applicable Indenture Trustee (and, unless otherwise specified in the applicable Effective Joinder, such Indenture Trustee hereby notifies the other parties hereto that the corresponding Securitization Charges are required to be remitted to such Indenture Trustee on a daily basis based upon an estimated remittance procedure in the Servicing Agreement); and provided that:

(A) with respect to each Company, to the extent the combined amounts of remittance are insufficient to satisfy amounts owed in respect of the applicable Receivables and the applicable Securitization Charges, such allocation and remittances shall be made on a pro rata basis as between such Receivables and such Securitization Charges based on the respective amounts of Receivables and Securitization Charges (in each case other than late payment charges, whether described as charges, fees, or penalties) then due and owing;

(B) with respect to each Company, late payment charges (whether described as charges, fees, or penalties) with respect to the applicable Receivables and the applicable Securitization Charges shall be allocated (x) to the Receivables Purchasers to the extent that any such late charges are with respect to such Receivables and have been sold to the Receivables Purchasers, (y) to the applicable Bond Issuer to the extent that any such late charges are with respect to such Securitization Charges and are allocable to such Bond Issuer in accordance with the tariff of the applicable Company, and (z) otherwise to the applicable Company; and

(C) if the Control Agent has exercised exclusive control over any Deposit Account at the written direction of the Receivables Administrative Agent or an Indenture Trustee as provided herein, the funds on deposit in the Deposit Accounts related to the Receivables and all Securitization Charges shall be allocated in accordance with Section 2(e); and

(iii) maintain records as to the amounts deposited into the Deposit Accounts, the amounts remitted therefrom.

(c) Reconciliation.

(i) The Receivables Buyer and the Receivables Administrative Agent, and each Bond Issuer and each Indenture Trustee, shall each have the right to require an accounting from time to time of collections, deposits, allocations and remittances relating to the Deposit Accounts. Because of difficulties inherent in allocating collections on a daily basis, each Company may implement percentage-based estimates consistent with the terms of the applicable Servicing Agreement for the purposes of determining the amount of collections which are allocable to the applicable Securitization Property, which allocations will be subject to monthly reconciliations pursuant to the terms of the applicable Servicing Agreement but will otherwise be deemed conclusive, subject to reconciliation as provided in the following sentences.

(ii) In the event that remittances by a Company, in its roles as a Receivables Sub-Servicer and as a Securitization Property Servicer, do not reflect the required allocation under Section 2(b)(ii) above, as a result of payment by estimates or otherwise, then such Company, as a Receivables Sub-Servicer and as a Securitization Property Servicer shall adjust subsequent allocations in order to true-up to the required allocations.

(iii) Notwithstanding the foregoing, nothing in this paragraph shall eliminate the right of the Receivables Purchasers and the Receivables Administrative Agent, as assignees of each Company under the Receivables Agreements, to instruct the applicable Receivables Sub-Servicer to remit any reconciliation payments directly to the Receivables Administrative Agent or its designee in accordance with the Receivables Agreements; provided that the Receivables Administrative Agent shall have no claim on any amounts held by any Indenture Trustee or any Securitization Property.

(d) Rights in Deposit Accounts, Receivables, Securitization Property.

(i) Each Indenture Trustee and each Bond Issuer waive any interest in deposits to the Deposit Accounts to the extent that they are properly allocable to Receivables or the proceeds thereof, and the Receivables Administrative Agent and Receivables Buyer waive any interest in deposits to the Deposit Accounts to the extent that they are properly allocable to any Securitization Property or the proceeds thereof. Each of the parties hereto acknowledges the respective security interests of the others in amounts on deposit in the Deposit Accounts to the extent of their respective interests as described in this Agreement.

(ii) It is acknowledged that the Receivables, including proceeds of the Receivables, may from time to time be deposited into Deposit Accounts of the Receivables Buyer. Each Indenture Trustee, each Company and each Bond Issuer agree that such Receivables and proceeds are the property of the Receivables Buyer, not of such Bond Issuer. In no event may any Indenture Trustee take any action with respect to its corresponding Securitization Charges in a manner that would result in such Indenture Trustee obtaining possession of, or any control over, Receivables, any other Securitization Charges or the proceeds of any of the foregoing. In the event that any Indenture Trustee obtains possession of any Receivables or the proceeds thereof, such Indenture Trustee shall notify the Receivables Administrative Agent of such fact, shall hold such amounts in trust and shall promptly deliver them to the Receivables Administrative Agent upon request.

(iii) It is acknowledged that Securitization Property, including proceeds of Securitization Charges, may from time to time be deposited into Deposit Accounts of the Receivables Buyer. The Receivables Administrative Agent and Receivables Buyer agree that such Securitization Property is the property of the applicable Bond Issuer, not of the Receivables Buyer. The Receivables Administrative Agent and Receivables Buyer agree that any Securitization Property held by the Receivables Administrative Agent or Receivables Buyer, as applicable, shall be held in trust for the benefit of the applicable Bond Issuer and the applicable Indenture Trustee, as their interests may appear. In no event may the Receivables Administrative Agent or Receivables Buyer take any action with respect to the collection of Receivables in a manner that would result in the Receivables Administrative Agent or Receivables Buyer, as applicable, taking from the Deposit Accounts any Securitization Property. In the event that the Receivables Administrative Agent or Receivables Buyer takes possession of any Securitization Property from the Deposit Accounts, the Receivables Administrative Agent or Receivables Buyer, as applicable, shall notify the applicable Indenture Trustee, the applicable Securitization Property Servicer (or any applicable Replacement Servicer) and the applicable Bond Issuer of such fact, and shall hold such Securitization Property in trust and shall promptly deliver them to such Bond Issuer or such Indenture Trustee, as applicable, upon request.

(e) Control over Designated Amounts.

(i) In accordance with the appointment of the Receivables Administrative Agent pursuant to Section 11.1(c) of the Receivables Purchase Agreement to act as "Control Agent" (for the benefit of the Receivables Purchasers, and each Indenture Trustee and the corresponding bondholders, as their interests may appear) and as independently agreed herein, each Indenture Trustee hereby appoints JPMorgan Chase Bank, N.A. (in its capacity as Receivables Administrative Agent, and its successors that become the Receivables Administrative Agent) to act as, and JPMorgan Chase Bank, N.A. (in its capacity as Receivables Administrative Agent, and its successors that become the Receivables Administrative Agent) agrees to act as, control agent under the Control Agreements (in such capacity, the "Control Agent") to exercise the rights of the Receivables Administrative Agent under the Control Agreements to issue instructions to the applicable account banks directing disposition of the available funds in the Deposit

Accounts without further consent of any Company or the Receivables Buyer for the benefit of the Receivables Purchasers and each Indenture Trustee and the corresponding bondholders, as their interests may appear, as provided herein, for the purpose of (A) establishing control over the Deposit Accounts to perfect the respective security interests of the Receivables Administrative Agent and each Indenture Trustee in the Deposit Accounts and the Receivables and proceeds thereof and Securitization Property held in the Deposit Accounts and (B) enforcing such security interests in accordance with Section 2(e)(ii) below. References herein to Control Agent are limited to JPMorgan Chase Bank, N.A., as Receivables Administrative Agent, and its successors that become the Receivables Administrative Agent, acting as control agent under the Control Agreements and shall not be imputed to JPM Chase Bank, N.A. in other capacities.

(ii) The Control Agent in its capacity as such shall take only the following actions:

(A) delivering a control notice to the applicable account bank to effect the Control Agent's dominion over the applicable Deposit Account upon receipt of a written notice from (x) the Receivables Administrative Agent to the effect that a Seller Amortization Event, Level Two Enhancement Period or Amortization Event (each as defined in the Receivables Purchase Agreement) has occurred under the Receivables Purchase Agreement or (y) an Indenture Trustee to the effect that the applicable Securitization Property Servicer is in default under the provisions of the applicable Servicing Agreement or an event of default has occurred under the applicable Indenture;

(B) following delivery of a control notice, delivering written payment instructions to each account bank to remit Receivables and proceeds thereof pursuant to written reports provided by each Receivables Sub-Servicer and remit Securitization Property pursuant to written reports provided by each Securitization Property Servicer, respectively (which may be provided directly to the account banks if so directed by the Control Agent), including with respect to Securitization Property written reports from the Securitization Property Servicers for daily remittances and for any reconciliation of estimated Securitization Charges to actual Securitization Charges during each monthly reconciliation required to be made by the applicable Securitization Property Servicers pursuant to the terms of the Servicing Agreement;

(C) instructing the applicable account bank to release funds to the Receivables Administrative Agent or the Indenture Trustees, as applicable, based on an order from a court of competent jurisdiction; and

(D) instructing the applicable account bank to release funds to the Receivables Administrative Agent or the Indenture Trustees as agreed between the Receivables Administrative Agent and each Indenture Trustee or each Securitization Property Servicer on its behalf.

The Control Agent shall have no liability to the Receivables Administrative Agent or the Receivables Purchasers or any Indenture Trustee or any corresponding bondholders for distributions made in accordance with the foregoing.

(iii) Each Company hereby agrees to indemnify the Control Agent from all liability (other than liability arising from the Control Agent's gross negligence or willful misconduct) and all losses, costs, expenses and liabilities (other than those caused by the Control Agent's gross negligence or willful misconduct) incurred by the Control Agent in acting as Control Agent in accordance with this Section 2(e). The Receivables Administrative Agent and each Indenture Trustee hereby waive all liability of the Control Agent (other than liability arising from the Control Agent's gross negligence or willful misconduct) and all claims for losses, costs, expenses and liabilities (other than those caused by the Control Agent's gross negligence or willful misconduct) incurred by the Receivables Administrative Agent or any Indenture Trustee related to the Control Agent acting in accordance with this Section 2(e). The Control Agent shall be entitled to advice of counsel, accountants and other experts concerning all matters and duties hereunder, and the applicable Company, in all cases, shall pay such reasonable compensation to any attorney, agent, receiver, or employee retained or employed by it in connection herewith. The Control Agent may act upon the opinion or advice of any counsel or accountant selected by it in the exercise of reasonable care, which shall be full and complete authorization and protection in respect of any action or inaction based on its good faith reliance upon such opinion or advice.

(iv) The Control Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor any fiduciary relationship with any Bond Issuer, any Indenture Trustee or any bondholder (except to the extent holding Securitization Property in trust in accordance with the terms hereof) and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Control Agent shall be read into this Agreement or otherwise exist for the Control Agent. The right of the Control Agent to perform any discretionary act enumerated in this Agreement shall not be construed as a duty, and the Control Agent shall not be answerable for other than its willful misconduct or gross negligence in the performance of such act. Except for actions which the Control Agent is expressly required to take pursuant to this Agreement for which the Control Agent has received indemnity and, if reasonably required, security from the applicable Company against any and all liability and expense which may be incurred in taking or continuing to take such action, the Control Agent shall not be required to take any action which exposes the Control Agent to personal liability, nor shall the Control Agent be required to expend or risk its own funds or otherwise incur any liability (financial or otherwise) in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, without indemnity and, if reasonably required, security from the applicable Company. In no event shall the Control Agent be required to take any action which is contrary to applicable law.

(v) No provision of this Agreement shall be construed to relieve the Control Agent from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that (1) the Control Agent shall not be liable for any error of judgment made in good faith by an officer or employees of the Control Agent, unless it shall be conclusively determined by a court of competent jurisdiction that the Control Agent was grossly negligent in ascertaining the pertinent facts and the Control Agent shall not be liable for any act or omission believed in good faith by it to be within its powers and (2) the Control Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of any Indenture Trustee or the Receivables Administrative Agent, or exercising any trust or power conferred upon the Control Agent, under this Agreement.

(vi) The Control Agent may conclusively rely upon, and shall be fully protected in acting or refraining from acting based upon, any notice, order, requisition, request, consent, certificate, opinion, affidavit, letter, resolution, written statement, instrument, report, bond, debenture, note, other evidence of indebtedness or other paper or document signed or sent by the proper person or persons, and the Control Agent shall have no duty to investigate, recompile, recalculate or otherwise verify the accuracy of any information provided to it by any party to this Agreement and shall have no liability for any error or inaccuracy in any reports resulting from the use of such information. Without limiting the foregoing, the Control Agent may conclusively rely in good faith, as to the truth of the statements and the correctness of the information stated in any report, certificate or payment instruction provided by a Company, and the Control Agent shall have no duty to examine the same or to determine whether or not they conform as to form to the requirements of this Agreement or any duty to inquire as to any matters stated therein.

(vii) The Control Agent shall not be responsible for and makes no representation as to the existence, genuineness, value or protection of the Receivables or any Securitization Property, for the legality, effectiveness or sufficiency of any security document, or for the creation, perfection, priority, sufficiency or protection of any liens securing the Receivables Buyer's obligations under the Receivables Agreements or any Bonds. The Control Agent shall have no duty (A) to see to any recording, filing, or depositing of any agreement referred to herein or any financing statement or continuation statement evidencing a security interest, or to see to the maintenance of any such recording or filing or depositing or to any re-recording, refiling or redepositing of any thereof, (B) to see to any insurance or (C) to see to the payment or discharge of any tax, assessment, or other governmental charge or any lien or encumbrance of any kind owing with respect to, assessed or levied against, any part of the Receivables or any Securitization Property.

(viii) The Control Agent shall not be deemed to have knowledge or notice of any fact, matter or event unless the Control Agent has actual knowledge thereof or unless written notice of such fact, matter or event is received by the Control Agent and such notice references the fact, matter or event and this Agreement. The Control Agent shall not be presumed to have knowledge of any default or event of default or any other matter under the Receivables Agreements or any Bond Agreements, unless the Control Agent shall be specifically notified in writing of such default by the applicable Company, the Receivables Buyer, the Receivables Administrative Agent or the applicable Indenture Trustee. The Control Agent shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than this Agreement, whether or not an original or a copy of such agreement has been provided to the Control Agent, and shall have no duty to know or inquire as to the performance or nonperformance of any provision of any other agreement, instrument, or document other than this Agreement.

(ix) In no event shall the Control Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, acts of war or terrorism, civil or military disturbances, epidemics or pandemics, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities; it being understood that the Control Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances. In no event shall the Control Agent be liable for the failure to perform its duties hereunder if such failure is a direct or proximate result of another party's failure to perform its obligations hereunder.

(x) To the fullest extent permitted by law and notwithstanding any anything in this Agreement to the contrary, the Control Agent shall not be personally liable for (A) special, indirect, consequential or punitive damages, however styled, including, without limitation, lost profits or (B) the acts or omissions of any account bank.

SECTION 3. Time or Order of Attachment. The acknowledgments contained in Sections 1 and 2 are applicable irrespective of the time or order of attachment or perfection of security or ownership interests or the time or order of filing or recording of financing statements or mortgages or filings under applicable law.

SECTION 4. Servicing.

(a) Pursuant to Section 2, the parties hereto hereby authorize each Company, in its roles as a Receivables Sub-Servicer and as a Securitization Property Servicer, and such Company in such capacities hereby agrees to, allocate and remit funds received from the corresponding Customers for the benefit of the Receivables Buyer, the Receivables Administrative Agent and the Receivables Purchasers, and the applicable Bond Issuer, the applicable Indenture Trustee and the corresponding bondholders, respectively, and control the movement of such funds out of the Deposit Accounts in accordance with the terms of this Agreement.

(b) In the event that an Indenture Trustee is entitled to and desires to exercise its right, pursuant to the applicable Bond Agreements, to replace a Company as Securitization Property Servicer, or in the event that the Receivables Purchasers are entitled to and desire to exercise their right to replace a Company as a Receivables Sub-Servicer, the party desiring to exercise such right shall promptly give written notice to the other in accordance with the notice provisions of this Agreement and consult with the other with respect to any replacement of a Company in any such capacity to reach mutually satisfactory replacement. Any entity named as the applicable replacement Receivables Sub-Servicer or Securitization Property Servicer in accordance with this Section 4 is referred to herein as a "Replacement Servicer."

(c) Anything in this Agreement to the contrary notwithstanding, any action taken by an Indenture Trustee or the Receivables Administrative Agent to appoint a Replacement Servicer pursuant to this Section 4 shall be subject to the Rating Agency Condition and the consent, if required by law, of the applicable "Commission" designated as such in an Effective Joinder. For the purposes of this Agreement, the "Rating Agency Condition" has the meaning set forth in the applicable Indenture. The parties hereto acknowledge and agree that the approval or the consent of the rating agencies which is required in order to satisfy the Rating Agency Condition is not subject to any standard of commercial reasonableness, and the parties are bound to satisfy this condition whether or not the rating agencies are unreasonable or arbitrary.

SECTION 5. Sharing of Information. The parties hereto agree to reasonably cooperate with each other and make available to each other or any Replacement Servicer any and all applicable records and other data relevant to the applicable Securitization Property and the Receivables that they may have in its possession or may from time to time receive from the applicable Company, the applicable Securitization Property Servicer or the applicable Receivables Sub-Servicer or any successor hereto or thereto, including, without limitation, any and all computer programs, data files, documents, instruments, files and records and any receptacles and cabinets containing the same, in each case solely to the extent necessary for a party's performance of its obligations under this Agreement and subject to applicable confidentiality and non-disclosure requirements. Each Company hereby consents to the release of information regarding such Company pursuant to this Section 5.

SECTION 6. No Joint Venture; No Fiduciary Obligations; Etc.

(a) Nothing herein contained shall be deemed as effecting a joint venture among any of any Company, any Bond Issuer, any Indenture Trustee, any Securitization Property Servicer, the Receivables Administrative Agent, any Receivables Sub-Servicer and the Receivables Buyer.

(b) Neither Receivables Buyer nor the Receivables Administrative Agent is the agent of, or owes any fiduciary obligation to, any Indenture Trustee, any Bond Issuer, any corresponding bondholders or any other party under this Agreement. Each Indenture Trustee (on behalf of itself and the corresponding bondholders), each Bond Issuer and each Company hereby waives any right that it may now have or hereafter acquire to make any claim against Receivables Buyer or the Receivables Administrative Agent, in their respective capacities as such, on the basis of any such fiduciary obligation hereunder. No Indenture Trustee nor any Bond Issuer is the agent of, or owes any fiduciary obligation to, Receivables Buyer, the Receivables Administrative Agent, the Receivables Purchasers or any other party under this Agreement. Each of the Receivables Administrative Agent, each Company and Receivables Buyer hereby waives any right that it may now have or hereafter acquire to make any claim against any Indenture Trustee or any Bond Issuer on the basis of any such fiduciary obligation hereunder.

(c) Notwithstanding anything herein to the contrary, none of Receivables Buyer, the Receivables Administrative Agent, any Indenture Trustee or any Bond Issuer shall be required to take any action that exposes it to personal liability or that is contrary to the applicable Indenture, the applicable Servicing Agreement, any Receivables Agreement or applicable law.

(d) None of Receivables Buyer, the Receivables Administrative Agent, any Indenture Trustee or any Bond Issuer nor any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence, bad faith or willful misconduct. Without limiting the foregoing, each of Receivables Buyer, the Receivables Administrative Agent, each Indenture Trustee and each Bond Issuer: (i) may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) makes no warranty or representation to any party and shall not be responsible to any party for any statements, warranties or representations made by any other party in connection with this Agreement or any other agreement; (iii) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or any other agreement on the part of any other party; and (iv) shall incur no liability under or in respect of this Agreement by acting upon any writing (which may be by e-mail or other electronic transmission) believed by it in good faith to be genuine and signed or sent by the proper party or parties.

SECTION 7. Method of Adjustment and Allocation. Each of the parties hereto acknowledges that each Securitization Property Servicer will adjust, calculate and allocate payments of the applicable Securitization Charges in accordance with the terms of the Servicing Agreement, and each of the parties hereto hereby acknowledges that neither the Receivables Administrative Agent nor any other Receivables Purchasers shall be deemed or required under this Agreement to have any knowledge of or responsibility for the terms of such documents or any such adjustment, calculation and allocation. Accordingly, each of the Receivables Purchasers (i) may, solely for the purposes of this Agreement, conclusively rely on the accuracy of the calculations of the applicable Securitization Property Servicer in making such adjustments, calculations and allocations. Such acknowledgement shall not relieve the applicable Receivables Sub-Servicer or the Receivables Servicer of any of their respective obligations to make payments in accordance with the terms of the Receivables Agreements, nor shall it relieve the applicable Securitization Property Servicer of its obligations under the applicable Servicing Agreement.

SECTION 8. Termination.

(a) With respect to the Receivables Buyer, the Receivables Administrative Agent and the Control Agent, this Agreement shall terminate upon the payment in full of all Bonds, or, if earlier, the termination of the Receivables Agreements as to all Companies and the release of all Companies from all further obligations thereunder, subject to Section 8(c) below.

(b) Solely with respect to the applicable Company, the applicable Securitization Property Servicer, the applicable Receivables Sub-Servicer, the applicable Bond Issuer and the applicable Indenture Trustee, this Agreement shall terminate upon the payment in full of the corresponding Bonds, or, if earlier, the termination of the Receivables Agreements as to such Company and the release of such Company from all further obligations thereunder, subject to Section 8(c) below.

(c) Notwithstanding the foregoing, the agreements, understandings and acknowledgements contained in Sections 1, 2, 3 and 15 shall survive the termination of this Agreement.

SECTION 9. Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) **THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (INCLUDING, WITHOUT LIMITATION, SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF NEW YORK, BUT OTHERWISE WITHOUT REGARD TO THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK.**

(b) In connection with any suit, claim, action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby, each party hereto hereby consents to the in personam jurisdiction of any court of the State of New York or any U.S. federal court located in the Borough of Manhattan in the City of New York, State of New York; each party hereto agrees that service by registered mail, or any other form equivalent thereto (or, in the alternative, by any other means sufficient under applicable law, rules and regulations) at the addresses set forth in Section 17 hereof shall be valid and sufficient for all purposes; and each party hereto agrees to, and irrevocably waives any objection based on forum non conveniens or venue not to, appear in such state or U.S. federal court located in the Borough of Manhattan.

(c) EACH OF THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

SECTION 10. Further Assurances. Each of the parties hereto agrees to execute any and all agreements, instruments, financing statements, releases and any and all other documents reasonably requested by any of the other parties hereto in order to effectuate the intent of this Agreement. In each case where a release is to be given pursuant to this Agreement, the term release shall include any documents or instruments necessary to effect a release, as contemplated by this Agreement. All releases, subordinations and other instruments submitted to the executing party are to be prepared (a) with respect to a release required in respect of the Receivables, at the expense of the applicable Company and (b) with respect to a release required in respect of the Securitization Property, at the expense of the applicable Bond Issuer. Notwithstanding anything herein to the contrary, no Indenture Trustee shall be required to execute any such agreements, instruments, releases or other documents unless directed to do so by an "Issuer Order," as such term is defined in the applicable Indenture.

SECTION 11. Limitation on Rights of Others. This Agreement is solely for the benefit of the parties hereto, the holders of the Bonds and the Receivables Purchasers, and no other person or entity shall have any rights, benefits, priority or interest under or because of the existence of this Agreement.

SECTION 12. Amendments; Joinders.

(a) Amendments. Subject to Section 12(b) below, in the event that (x) any Company hereafter causes any securitization property, securitized property, storm recovery property, consumer rate relief property, transition property, system restoration property, phase-in recovery property or other similar types of property ("Additional Securitization Property") consisting of the right to impose specified securitization charges, securitized surcharges, storm recovery charges, consumer rate relief charges, transition charges, phase-in recovery charges, system restoration charges or other similar types of charges ("Additional Securitization Charges") on the Customers to be created and sold and pledged by the buyer thereof for the benefit of bondholders pursuant to any financing order of the applicable Commission, and such Company acts as servicer for the bonds issued pursuant to such financing order, or (y) any Company enters into any new receivables program following the termination of the Receivables Agreements in which such Company participates as a seller or as a servicer or sub-servicer of receivables, then, in either such event, upon the written request of such Company, the other parties hereto agree that this Agreement may be amended and restated (i) to add as parties hereto the relevant issuer of such additional bonds, the indenture trustee therefor, and the servicer of such Additional Securitization Property or the relevant purchasers and servicers under such replacement receivables program, as the case may be, and (ii) to reflect the rights and obligations of the parties with respect to such new receivables purchases on terms substantially similar to the rights and obligations of the Receivables Servicer, the applicable Receivables Sub-Servicer, the Receivables Administrative Agent and the Receivables Purchasers hereunder and (iii) to reflect the rights and obligations of the parties with respect to any such Additional Securitization Property on terms substantially similar to the rights and obligations of the applicable Bond Issuer, the applicable Indenture Trustee and the applicable Securitization Property Servicer hereunder; provided that no such amendment shall be effective unless (x) evidenced by a written instrument signed by the parties hereto and such additional parties and (y) the Rating Agency Condition (as defined in the applicable Company's Indenture) shall have been satisfied with respect thereto and provided, further, that no party hereto shall be required to execute any such amended agreement on terms which are materially more disadvantageous to it or to the holders of the applicable Bonds (in the case of an Indenture Trustee) or to the Receivables Purchasers (in the case of the Receivables Administrative Agent) than the terms contained herein. In addition, no Indenture Trustee shall be required to execute any such amendment unless directed to do so by an "Issuer Order," as such term is defined in the corresponding Indenture.

(b) Joinders. Notwithstanding the foregoing, in the event that a subsidiary of American Electric Power Company, Inc. (an "AEP Utility") hereafter causes any Additional Securitization Property consisting of the right to impose Additional Securitization Charges on such AEP Utility's customers to be created and sold and pledged by the buyer thereof (the "Additional Issuer") for the benefit of bondholders pursuant to any financing order of the applicable Commission, and such AEP Utility acts as servicer for the bonds issued pursuant to such financing order, the parties hereto agree that, upon execution and delivery to the other parties hereto of a joinder to this Agreement in substantially the form attached hereto as Exhibit B (a "Joinder") by such AEP Utility, such Additional Issuer, such Additional Trustee, the Receivables Buyer and the Receivables Administrative Agent, the following shall apply:

(i) such AEP Utility shall become a "Company", "Securitization Property Servicer" and "Receivables Sub-Servicer" hereunder;

(ii) such Additional Issuer shall become a "Bond Issuer" hereunder; and

(iii) such Additional Trustee shall become a "Indenture Trustee" hereunder;

provided that, if required by any Bond Agreements, the affected Joinder shall not be effective unless the applicable Rating Agency Condition (as defined below) shall have been satisfied with respect thereto. No written consent of any other Company, Bond Issuer or Indenture Trustee shall be required for the effectiveness of any Joinder. A Joinder meeting the requirements of this Section 12(b) is referred to herein as an "Effective Joinder".

SECTION 13. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or entity or any circumstance, is invalid or unenforceable, (i) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (ii) the remainder of this Agreement and the application of such provision to other persons or entities, or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

SECTION 14. Counterparts; Electronic Signatures. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Each party hereto agrees that this Agreement may be electronically signed, that any digital or electronic signatures appearing on this Agreement are the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and that delivery of any such electronic signature to, or a signed copy of, this Agreement may be made by facsimile, email or other electronic transmission.

SECTION 15. Nonpetition Covenant.

(a) Notwithstanding any prior termination of this Agreement or any Indenture, each of the Receivables Administrative Agent, the Receivables Buyer and each Receivables Sub-Servicer covenants and agrees that it shall not, prior to the date which is one year and one day after the termination of the applicable Indenture and the payment in full of the last outstanding Bonds issued pursuant to such Indenture, acquiesce, petition or otherwise invoke or cause the applicable Bond Issuer to invoke the process of any court or government authority for the purpose of (i) commencing or sustaining a bankruptcy, insolvency or similar case against such Bond Issuer as debtor under any federal or state bankruptcy, insolvency or similar law or (ii) appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of such Bond Issuer or any substantial part of the property of such Bond Issuer, or (iii) ordering the dissolution, winding up or liquidation of the affairs of such Bond Issuer.

(b) Notwithstanding any prior termination of this Agreement or the Receivables Purchase Agreement, each Indenture Trustee, each Bond Issuer and each Securitization Property Servicer covenants and agrees that it shall not, prior to the date which is one year and one day after the termination of the Receivables Purchase Agreement and the payment in full of all amounts owing by Receivables Buyer thereunder, acquiesce, petition or otherwise invoke or cause Receivables Buyer to invoke the process of any court or government authority for the purpose of (i) commencing or sustaining a bankruptcy, insolvency or similar case against Receivables Buyer as debtor under any federal or state bankruptcy, insolvency or similar law or (ii) appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of Receivables Buyer or any substantial part of the property of Receivables Buyer, or (iii) ordering the dissolution, winding up or liquidation of the affairs of Receivables Buyer.

SECTION 16. Trustees. Each Indenture Trustee, in acting hereunder, is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the corresponding Indenture.

SECTION 17. Notices, Etc. Any notice provided or permitted by this Agreement to be made upon, given or furnished to or filed with any party hereto shall be shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing by electronic transmission, first-class mail or overnight delivery service to the applicable party at its address set forth on Exhibit A hereto or the applicable Effective Joinder, as applicable, or, as to any party, at such other address as shall be designated by such party by written notice to the other parties hereto.

SECTION 18. Defined Terms. Defined terms used but not defined herein shall have the meanings given to such terms in the Receivables Agreements, or, if not defined therein, in the applicable Bond Agreements.

SECTION 19. PSO-ODFA Joinder. The Parties hereby agree that, notwithstanding anything to the contrary in this Agreement, a Joinder to the Existing Intercreditor Agreement in the form of Exhibit C hereto shall constitute an Effective Joinder for all purposes hereunder with respect to the $696,920,000 The Oklahoma Development Finance Authority Ratepayer-Backed Bonds (Public Service Company of Oklahoma), Series 2022 (Federally Taxable) issued by The Oklahoma Development Finance Authority on September 7, 2022 (the “RBB Bonds”).

SECTION 20. Amendment and Restatement. This Agreement amends, restates and supersedes in its entirety the Existing Intercreditor Agreement. It is the intent of each of the parties hereto that all references to the Existing Intercreditor Agreement in any Bond Agreements or Receivables Agreements to which such party is party as such and which becomes or remains effective on or after the date hereof shall be deemed to mean and be references to this Agreement.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the A&R Date.

PUBLIC SERVICE COMPANY OF OKLAHOMA, as Company, as a Securitization Property Servicer and as a Receivables Sub-Servicer for the RBB Bonds

By: /s/ Matthew D. Fransen
Name: Matthew D. Fransen
Title: Treasurer and Vice President

AEP CREDIT, INC., as Receivables Buyer

By: /s/ Matthew D. Fransen
Name: Matthew D. Fransen
Title: Treasurer and Vice President

THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY, as a Bond Issuer for the RBB Bonds

By: /s/ Michael D. Davis
Name: Michael D. Davis
Title: President

BOKF, NA, as an Indenture Trustee for the RBB Bonds

By: /s/ Rachel Redd-Singleton
Name: Rachel Redd-Singleton
Title: Senior Vice President

JPMORGAN CHASE BANK, N.A., as Receivables Administrative Agent and Control Agent

By: /s/ Josh Harraka
Name: Josh Harraka
Title: Vice President

EXHIBIT A

NOTICE ADDRESSES

Company / Securitization Property Servicer / Receivables Sub-Servicer:
As specified in the applicable Effective Joinder

Receivables Buyer:
AEP Credit, Inc.
One Riverside Plaza
Columbus, Ohio 43215
Attention: Treasurer
Telephone: (614) 716-1000
Email: Treasury_Operations_AEP@aep.com

Bond Issuer:
As specified in the applicable Effective Joinder

Indenture Trustee:
As specified in the applicable Effective Joinder

Receivables Administrative Agent / Control Agent:
JPMorgan Chase Bank, N.A.
10 South Dearborn, Floor 7
Chicago, Illinois 60603
Attention: Securitized Product Group
Telephone: 312-732-2477
Email: conduit_synd@jpmorgan.com

EXHIBIT B

FORM OF
JOINDER TO INTERCREDITOR AGREEMENT

RELATING TO [●]

This JOINDER TO INTERCREDITOR AGREEMENT (this "Joinder"), dated as of_____ , 20__, is entered into by each of the following Persons, in its capacity(ies) specified below (each, an "Additional Party"), AEP CREDIT, INC., a Delaware limited liability company (the "Receivables Buyer"), and JPMorgan Chase Bank, N.A., as Receivables Administrative Agent for the Receivables Purchasers and as Control Agent under the Intercreditor Agreement (in such capacities, the "Agent"):

- [*Insert Name*], a [*jurisdiction*] [*entity type*], as a "Company", "Securitization Property Servicer" and "Receivables Sub-Servicer";
- [*Insert Name*], a [*jurisdiction*] [*entity type*], as a "Bond Issuer"; and
- [*Insert Name*], a [*jurisdiction*] [*entity type*], as an "Indenture Trustee".

Reference is made to the Intercreditor Agreement, dated as of September 7, 2022, as amended and restated as of December 9, 2024 (the "Intercreditor Agreement"), by and among the Receivables Buyer, the Agent, each Company from time to time party thereto, each Bond Issuer from time to time party thereto and each Indenture Trustee from time to time party thereto. The defined terms contained in the Intercreditor Agreement are incorporated herein.

Each Additional Party hereby agrees (a) to become a party to the Intercreditor Agreement for all purposes thereof on the terms set forth therein in the capacity specified above; (b) to be bound by the terms of the Intercreditor Agreement as if such Additional Party had executed and delivered the Intercreditor Agreement as an original party thereto in such capacity; (c) the "Agency Agreement", "Commission", "Indenture", "Purchase Agreement", "Sale Agreement", "Securitization Property", "Securitization Charges" and "Servicing Agreement" specified on Schedule 1 to this Joinder shall constitute an Agency Agreement, Commission, Indenture, Purchase Agreement, Sale Agreement, Securitization Property, Securitization Charges and Servicing Agreement, respectively, for all purposes under the Intercreditor Agreement; and (d) any communications, including notices and instructions, with respect to such Additional Party may be given at the address for such Additional Party specified on Schedule 1 hereto.

The Indenture Trustee as an Additional Party under this Intercreditor Agreement and pursuant to Section 16 of the Intercreditor Agreement, is entitled to all the rights, benefits, protection, immunities, and indemnities afforded to it under the Indenture.

The provisions of Section 9 (*Governing Law; Jurisdiction; Waiver of Jury Trial*) of the Intercreditor Agreement will apply with like effect to this Joinder.

(*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK*)

IN WITNESS WHEREOF, the parties have caused this Joinder to be executed by their respective officers thereunto duly authorized, as of the date first above written.

[ ],
as a Company, a Securitization Property Servicer and a Receivables Sub-Servicer

By: _____
Name:
Title:

[ ],
as a Bond Issuer

By: _____
Name:
Title:

[ ],
as an Indenture Trustee

By: _____
Name:
Title:

AEP CREDIT, INC., as Receivables Buyer

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A., as Agent

By: _____
Name:
Title:

Exhibit B

Schedule 1 to Joinder

Company, Securitization Property Servicer and Receivables Sub-Servicer	[*Insert Name*]
Notice Address	[*Insert Address*]
Bond Issuer	[*Insert Name*]
Notice Address	[*Insert Address*]
Indenture Trustee	**[***Insert Name***]**
Notice Address	[*Insert Address*]
Agency Agreement	**[***Insert Description***]**
Commission	**[***Insert Description***]**
Financing Order	**[***Insert Description***]**
Indenture	**[***Insert Description***]**
Purchase Agreement	**[***Insert Description***]**
Sale Agreement	**[***Insert Description***]**
Securitization Act	**[***Insert Description***]**
Securitization Charges	**[***Insert Description***]**
Securitization Property	**[***Insert Description***]**
Servicing Agreement	**[***Insert Description***]**

Exhibit B

EXHIBIT C

JOINDER TO INTERCREDITOR AGREEMENT

RELATING TO

$696,920,000 The Oklahoma Development Finance Authority Ratepayer-Backed Bonds (Public Service Company of Oklahoma), Series 2022 (Federally Taxable)

This JOINDER TO INTERCREDITOR AGREEMENT (this "Joinder"), dated as of December 9, 2024, is entered into by each of the following Persons, in its capacity(ies) specified below (each, an "Additional Party"), AEP CREDIT, INC., a Delaware limited liability company (the "Receivables Buyer"), and JPMorgan Chase Bank, N.A., as Receivables Administrative Agent for the Receivables Purchasers and as Control Agent under the Intercreditor Agreement (in such capacities, the "Agent"):

- Public Service Company of Oklahoma, an Oklahoma corporation, as a "Company", "Securitization Property Servicer" and "Receivables Sub-Servicer";
- The Oklahoma Development Finance Authority, a public trust and instrumentality of the State of Oklahoma, as a "Bond Issuer"; and
- BOKF, NA, a national banking association, as an "Indenture Trustee".

Reference is made to the Intercreditor Agreement, dated as of September 7, 2022, as amended and restated as of December 9, 2024 (the "Intercreditor Agreement"), by and among the Receivables Buyer, the Agent, each Company from time to time party thereto, each Bond Issuer from time to time party thereto and each Indenture Trustee from time to time party thereto. The defined terms contained in the Intercreditor Agreement are incorporated herein.

Each Additional Party hereby agrees (a) to become a party to the Intercreditor Agreement for all purposes thereof on the terms set forth therein in the capacity specified above; (b) to be bound by the terms of the Intercreditor Agreement as if such Additional Party had executed and delivered the Intercreditor Agreement as an original party thereto in such capacity; (c) the "Agency Agreement", "Commission", "Indenture", "Purchase Agreement", "Sale Agreement", "Securitization Property", "Securitization Charges" and "Servicing Agreement" specified on Schedule 1 to this Joinder shall constitute an Agency Agreement, Commission, Indenture, Purchase Agreement, Sale Agreement, Securitization Property, Securitization Charges and Servicing Agreement, respectively, for all purposes under the Intercreditor Agreement; and (d) any communications, including notices and instructions, with respect to such Additional Party may be given at the address for such Additional Party specified on Schedule 1 hereto.

The Indenture Trustee as an Additional Party under this Intercreditor Agreement and pursuant to Section 16 of the Intercreditor Agreement, is entitled to all the rights, benefits, protection, immunities, and indemnities afforded to it under the Indenture.

The provisions of Section 9 (*Governing Law; Jurisdiction; Waiver of Jury Trial*) of the Intercreditor Agreement will apply with like effect to this Joinder.

IN WITNESS WHEREOF, the parties have caused this Joinder to be executed by their respective officers thereunto duly authorized, as of the date first above written.

PUBLIC SERVICE COMPANY OF OKLAHOMA, as a Company, a Securitization Property Servicer and a Receivables Sub-Servicer for the RBB Bonds

By: _____
Name:
Title:

THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY, as a Bond Issuer for the RBB Bonds

By: _____
Name:
Title:

BOKF, NA, as an Indenture Trustee for the RBB Bonds

By: _____
Name:
Title:

AEP CREDIT, INC., as Receivables Buyer

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A., as Agent

By: _____
Name:
Title:

Exhibit C

Schedule 1 to Exhibit C

Company, Securitization Property Servicer and Receivables Sub-Servicer	Public Service Company of Oklahoma
Notice Address	One Riverside Plaza Columbus, Ohio 43215 Attention: Treasurer Telephone: (614) 716-1000 Email: Treasury_Operations_AEP@aep.com
Bond Issuer	The Oklahoma Development Finance Authority
Notice Address	9220 North Kelley Avenue Oklahoma City, Oklahoma 73131 Attention: Michael Davis Telephone: (405) 842-1145
Indenture Trustee	BOKF, NA
Notice Address	499 West Sheridan Avenue, Suite 2600 Oklahoma City, Oklahoma 73102 Attention: Corporate Trust Department, Rachel Singleton Telephone: (405) 272-2172
Agency Agreement	Third Amended and Restated Agency Agreement, dated as of August 25, 2004, by and between Receivables Buyer and the Company, as amended, restated or modified from time to time
Commission	Corporation Commission of the State of Oklahoma (including any governmental authority succeeding to the duties of such agency)
Financing Order	Financing Order No. 723434, approved and issued by the Commission on February 10, 2022, in Cause No. PUD 202100076, pursuant to the Securitization Act.
Indenture	Indenture of Trust, dated as of September 7, 2022, by and between the Bond Issuer and the Indenture Trustee, as amended, restated or modified from time to time
Purchase Agreement	Third Amended and Restated Purchase Agreement, dated as of August 25, 2004, by and between Receivables Buyer and the Company, as amended, restated or modified from time to time
Sale Agreement	Securitization Property Purchase and Sale Agreement, dated as of September 7, 2022, by and between the Bond Issuer and the Company, as amended, restated or modified from time to time
Securitization Act	The “February 2021 Regulated Utility Consumer Protection Act,” as amended, codified as Title 74, Oklahoma Statutes, 2021, Section 9070, et seq.
Securitization Charges	The charges billed to Customers pursuant to an irrevocable and nonbypassable mechanism set forth in the Financing Order authorized under the Securitization Act, authorized pursuant to the Financing Order, including the “WSC Charge(s)” (as such term is defined in the Financing Order)

Securitization Property	"Securitization Property" (as defined in the Sale Agreement), including the "securitization property" as defined in Section 9072(11) of Title 74, Section 9070 et seq., of the Oklahoma Statutes that is established by the Financing Order, and the right to impose, collect and receive Securitization Charges and the assignment of all revenues, collections, claims, rights, payments, money or proceeds of or arising from such Securitization Charges
Servicing Agreement	Securitization Property Servicing Agreement, dated as of September 7, 2022, by and between the Bond Issuer and the Company, as amended, restated or modified from time to time

Exhibit C

JOINDER TO INTERCREDITOR AGREEMENT

RELATING TO

$696,920,000 The Oklahoma Development Finance Authority Ratepayer-Backed Bonds
(Public Service Company of Oklahoma), Series 2022 (Federally Taxable)

This JOINDER TO INTERCREDITOR AGREEMENT (this "Joinder"), dated as of December 9, 2024, is entered into by each of the following Persons, in its capacity(ies) specified below (each, an "Additional Party"), AEP CREDIT, INC., a Delaware limited liability company (the "Receivables Buyer"), and JPMorgan Chase Bank, N.A., as Receivables Administrative Agent for the Receivables Purchasers and as Control Agent under the Intercreditor Agreement (in such capacities, the "Agent"):

- Public Service Company of Oklahoma, an Oklahoma corporation, as a "Company", "Securitization Property Servicer" and "Receivables Sub-Servicer";
- The Oklahoma Development Finance Authority, a public trust and instrumentality of the State of Oklahoma, as a "Bond Issuer"; and
- BOKF, NA, a national banking association, as an "Indenture Trustee".

Reference is made to the Intercreditor Agreement, dated as of September 7, 2022, as amended and restated as of December 9, 2024 (the "Intercreditor Agreement"), by and among the Receivables Buyer, the Agent, each Company from time to time party thereto, each Bond Issuer from time to time party thereto and each Indenture Trustee from time to time party thereto. The defined terms contained in the Intercreditor Agreement are incorporated herein.

Each Additional Party hereby agrees (a) to become a party to the Intercreditor Agreement for all purposes thereof on the terms set forth therein in the capacity specified above; (b) to be bound by the terms of the Intercreditor Agreement as if such Additional Party had executed and delivered the Intercreditor Agreement as an original party thereto in such capacity; (c) the "Agency Agreement", "Commission", "Indenture", "Purchase Agreement", "Sale Agreement", "Securitization Property", "Securitization Charges" and "Servicing Agreement" specified on Schedule 1 to this Joinder shall constitute an Agency Agreement, Commission, Indenture, Purchase Agreement, Sale Agreement, Securitization Property, Securitization Charges and Servicing Agreement, respectively, for all purposes under the Intercreditor Agreement; and (d) any communications, including notices and instructions, with respect to such Additional Party may be given at the address for such Additional Party specified on Schedule 1 hereto.

The Indenture Trustee as an Additional Party under this Intercreditor Agreement and pursuant to Section 16 of the Intercreditor Agreement, is entitled to all the rights, benefits, protection, immunities, and indemnities afforded to it under the Indenture.

The provisions of Section 9 (*Governing Law; Jurisdiction; Waiver of Jury Trial*) of the Intercreditor Agreement will apply with like effect to this Joinder.

IN WITNESS WHEREOF, the parties have caused this Joinder to be executed by their respective officers thereunto duly authorized, as of the date first above written.

PUBLIC SERVICE COMPANY OF OKLAHOMA, as a Company, a Securitization Property Servicer and a Receivables Sub-Servicer for the RBB Bonds

By: /s/ Matthew D. Fransen
Name: Matthew D. Fransen
Title: Treasurer and Vice President

THE OKLAHOMA DEVELOPMENT FINANCE AUTHORITY, as a Bond Issuer for the RBB Bonds

By: /s/ Michael D. Davis
Name: Michael D. Davis
Title: President

BOKF, NA , as an Indenture Trustee for the RBB Bonds

By: /s/ Rachel Redd-Singleton
Name: Rachel Redd-Singleton
Title: Senior Vice President

AEP CREDIT, INC., as Receivables Buyer

By: /s/ Matthew D. Fransen
Name: Matthew D. Fransen
Title: Treasurer and Vice President

JPMORGAN CHASE BANK, N.A., as Agent

By: /s/ Josh Harraka
Name: Josh Harraka
Title: Vice President

Schedule 1 to Joinder

Company, Securitization Property Servicer and Receivables Sub-Servicer	Public Service Company of Oklahoma
Notice Address	One Riverside Plaza Columbus, Ohio 43215 Attention: Treasurer Telephone: (614) 716-1000 Email: Treasury_Operations_AEP@aep.com
Bond Issuer	The Oklahoma Development Finance Authority
Notice Address	9220 North Kelley Avenue Oklahoma City, Oklahoma 73131 Attention: Michael Davis Telephone: (405) 842-1145
Indenture Trustee	BOKF, NA
Notice Address	499 West Sheridan Avenue, Suite 2600 Oklahoma City, Oklahoma 73102 Attention: Corporate Trust Department, Rachel Singleton Telephone: (405) 272-2172
Agency Agreement	Third Amended and Restated Agency Agreement, dated as of August 25, 2004, by and between Receivables Buyer and the Company, as amended, restated or modified from time to time
Commission	Corporation Commission of the State of Oklahoma (including any governmental authority succeeding to the duties of such agency)
Financing Order	Financing Order No. 723434, approved and issued by the Commission on February 10, 2022, in Cause No. PUD 202100076, pursuant to the Securitization Act.
Indenture	Indenture of Trust, dated as of September 7, 2022, by and between the Bond Issuer and the Indenture Trustee, as amended, restated or modified from time to time
Purchase Agreement	Third Amended and Restated Purchase Agreement, dated as of August 25, 2004, by and between Receivables Buyer and the Company, as amended, restated or modified from time to time
Sale Agreement	Securitization Property Purchase and Sale Agreement, dated as of September 7, 2022, by and between the Bond Issuer and the Company, as amended, restated or modified from time to time
Securitization Act	The “February 2021 Regulated Utility Consumer Protection Act,” as amended, codified as Title 74, Oklahoma Statutes, 2021, Section 9070, et seq.
Securitization Charges	The charges billed to Customers pursuant to an irrevocable and nonbypassable mechanism set forth in the Financing Order authorized under the Securitization Act, authorized pursuant to the Financing Order, including the “WSC Charge(s)” (as such term is defined in the Financing Order)

Schedule 1 to Joinder

Securitization Property	"Securitization Property" (as defined in the Sale Agreement), including the "securitization property" as defined in Section 9072(11) of Title 74, Section 9070 et seq., of the Oklahoma Statutes that is established by the Financing Order, and the right to impose, collect and receive Securitization Charges and the assignment of all revenues, collections, claims, rights, payments, money or proceeds of or arising from such Securitization Charges
Servicing Agreement	Securitization Property Servicing Agreement, dated as of September 7, 2022, by and between the Bond Issuer and the Company, as amended, restated or modified from time to time

JOINDER TO INTERCREDITOR AGREEMENT

RELATING TO

SERIES 2024-A SENIOR SECURED STORM RECOVERY BONDS – SWEPCO STORM RECOVERY FUNDING LLC

This JOINDER TO INTERCREDITOR AGREEMENT (this "Joinder"), dated as of December 18, 2024, is entered into by each of the following Persons, in its capacity(ies) specified below (each, an "Additional Party"), AEP CREDIT, INC., a Delaware limited liability company (the "Receivables Buyer"), and JPMorgan Chase Bank, N.A., as Administrative Agent for the Receivables Purchasers and as Control Agent under the Intercreditor Agreement (in such capacities, the "Agent"):

- Southwestern Electric Power Company, a Delaware corporation, as a "Company", "Securitization Property Servicer" and "Receivables Sub-Servicer";
- SWEPCO Storm Recovery Funding LLC, a Louisiana limited liability company, as a "Bond Issuer"; and
- U.S. Bank Trust Company, National Association, a national banking association, not in its individual capacity but solely in its capacity as an "Indenture Trustee".

Reference is made to the Intercreditor Agreement, dated as of September 7, 2022, as amended and restated as of December 9, 2024 (the "Intercreditor Agreement"), by and among the Receivables Buyer, the Agent, each Company from time to time party thereto, each Bond Issuer from time to time party thereto and each Indenture Trustee from time to time party thereto. The defined terms contained in the Intercreditor Agreement are incorporated herein.

Each Additional Party hereby agrees (a) to become a party to the Intercreditor Agreement for all purposes thereof on the terms set forth therein in the capacity specified above; (b) to be bound by the terms of the Intercreditor Agreement as if such Additional Party had executed and delivered the Intercreditor Agreement as an original party thereto in such capacity; (c) the "Agency Agreement", "Commission", "Indenture", "Purchase Agreement", "Sale Agreement", "Securitization Property", "Securitization Charges" and "Servicing Agreement" specified on Schedule 1 to this Joinder shall constitute an Agency Agreement, Commission, Indenture, Purchase Agreement, Sale Agreement, Securitization Property, Securitization Charges and Servicing Agreement, respectively, for all purposes under the Intercreditor Agreement; and (d) any communications, including notices and instructions, with respect to such Additional Party may be given at the address for such Additional Party specified on Schedule 1 hereto.

The Indenture Trustee as an Additional Party under this Intercreditor Agreement and pursuant to Section 16 of the Intercreditor Agreement, is entitled to all the rights, benefits, protection, immunities, and indemnities afforded to it under the Indenture.

The provisions of Section 9 (*Governing Law; Jurisdiction; Waiver of Jury Trial*) of the Intercreditor Agreement will apply with like effect to this Joinder.

IN WITNESS WHEREOF, the parties have caused this Joinder to be executed by their respective officers thereunto duly authorized, as of the date first above written.

SOUTHWESTERN ELECTRIC POWER COMPANY,
as a Company, a Securitization Property Servicer and a Receivables Sub-Servicer

By: /s/ Matthew D . Fransen
Name: Matthew D . Fransen
Title: Treasurer and Vice President

SWEPCO STORM RECOVERY FUNDING LLC, as a Bond Issuer

By: /s/ Matthew D . Fransen
Name: Matthew D . Fransen
Title: Treasurer and Vice President

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as an Indenture Trustee

By: /s/ Matthew M. Smith
Name: Matthew M. Smith
Title: Vice President

AEP CREDIT, INC., as Receivables Buyer

By: /s/ Matthew D . Fransen
Name: Matthew D . Fransen
Title: Treasurer and Vice President

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and Control Agent

By: /s/ Josh Harraka
Name: Josh Harraka
Title: Vice President

Company, Securitization Property Servicer and Receivables Sub-Servicer	Southwestern Electric Power Company
Notice Address	One Riverside Plaza Columbus, Ohio 43215 Attention: Treasurer Telephone: (614) 716-1000 Email: Treasury_Operations_AEP@aep.com
Bond Issuer	SWEPCO Storm Recovery Funding LLC
Notice Address	428 Travis Street Shreveport, Louisiana 71101 Attention: VP Regulatory & Finance Telephone: (318) 673-3075 Email: Treasury_Operations_AEP@aep.com
Indenture Trustee	U.S. Bank Trust Company, National Association
Notice Address	190 S. LaSalle Street, 7th Floor Chicago, Illinois 60603 Attention: Corporate Trust Services / SWEPCO Storm Recovery Funding LLC Telephone: (312) 332-7496 Email: matthew.smith2@usbank.com; melissa.rosal@usbank.com and maryann.turbak@usbank.com
Agency Agreement	Third Amended and Restated Agency Agreement, dated as of August 25, 2004, by and between Receivables Buyer and the Company, as amended, restated or modified from time to time
Commission	Louisiana Public Service Commission (including any governmental authority succeeding to the duties of such agency)
Financing Order	The Financing Order U-36174-B issued on July 3, 2024 (Docket No. U-36174), by the Louisiana Commission pursuant to the Securitization Law.
Indenture	Indenture, dated as of December 18, 2024, by and between the Bond Issuer, the Indenture Trustee and U.S. Bank National Association, as securities intermediary, as amended, restated or modified from time to time
Purchase Agreement	Third Amended and Restated Purchase Agreement, dated as of August 25, 2004, by and between Receivables Buyer and the Company, as amended, restated or modified from time to time
Sale Agreement	Storm Recovery Property Purchase and Sale Agreement, dated as of December 18, 2024, by and between the Bond Issuer and the Company, as amended, restated or modified from time to time
Securitization Act	The “Louisiana Electric Utility Storm Recovery Securitization Act,” as amended, codified at La. R.S. 45:1226-1240.
Securitization Charges	The “Storm Recovery Charges” (as defined in La. R.S. 45:1227(15) of Title 45 of the Louisiana Revised Statutes) approved by the Commission in the Financing Order

Securitization Property	"Storm Recovery Property" (as defined in the Indenture), including the "storm recovery property" as defined in La. R.S. 45:1227(17) of Title 45 of the Louisiana Revised Statutes that is established by the Financing Order
Servicing Agreement	Storm Recovery Property Servicing Agreement, dated as of December 18, 2024, by and between the Bond Issuer and the Company, as amended, restated or modified from time to time

Schedule 1 to Joinder

JOINDER TO INTERCREDITOR AGREEMENT

RELATING TO

SERIES 2025 SENIOR SECURED RECOVERY BONDS –
KENTUCKY POWER COST RECOVERY LLC

This JOINDER TO INTERCREDITOR AGREEMENT (this "Joinder"), dated as of June 12, 2025, is entered into by each of the following Persons, in its capacity(ies) specified below (each, an "Additional Party"), AEP CREDIT, INC., a Delaware limited liability company (the "Receivables Buyer"), and JPMorgan Chase Bank, N.A., as Administrative Agent for the Receivables Purchasers and as Control Agent under the Intercreditor Agreement (in such capacities, the "Agent"):

- Kentucky Power Company, a Kentucky corporation, as a "Company", "Securitization Property Servicer" and "Receivables Sub-Servicer";
- Kentucky Power Cost Recovery LLC, a Delaware limited liability company, as a "Bond Issuer"; and
- U.S. Bank Trust Company, National Association, a national banking association, not in its individual capacity but solely in its capacity as an "Indenture Trustee".

Reference is made to the Intercreditor Agreement, dated as of September 7, 2022, as amended and restated as of December 9, 2024 (the "Intercreditor Agreement"), by and among the Receivables Buyer, the Agent, each Company from time to time party thereto, each Bond Issuer from time to time party thereto and each Indenture Trustee from time to time party thereto. The defined terms contained in the Intercreditor Agreement are incorporated herein.

Each Additional Party hereby agrees (a) to become a party to the Intercreditor Agreement for all purposes thereof on the terms set forth therein in the capacity specified above; (b) to be bound by the terms of the Intercreditor Agreement as if such Additional Party had executed and delivered the Intercreditor Agreement as an original party thereto in such capacity; (c) the "Agency Agreement", "Commission", "Indenture", "Purchase Agreement", "Sale Agreement", "Securitization Property", "Securitization Charges" and "Servicing Agreement" specified on Schedule 1 to this Joinder shall constitute an Agency Agreement, Commission, Indenture, Purchase Agreement, Sale Agreement, Securitization Property, Securitization Charges and Servicing Agreement, respectively, for all purposes under the Intercreditor Agreement; and (d) any communications, including notices and instructions, with respect to such Additional Party may be given at the address for such Additional Party specified on Schedule 1 hereto.

The Indenture Trustee as an Additional Party under this Intercreditor Agreement and pursuant to Section 16 of the Intercreditor Agreement, is entitled to all the rights, benefits, protection, immunities, and indemnities afforded to it under the Indenture.

The provisions of Section 9 (*Governing Law; Jurisdiction; Waiver of Jury Trial*) of the Intercreditor Agreement will apply with like effect to this Joinder.

IN WITNESS WHEREOF, the parties have caused this Joinder to be executed by their respective officers thereunto duly authorized, as of the date first above written.

KENTUCKY POWER COMPANY,
as a Company, a Securitization Property Servicer and a Receivables Sub-Servicer

By: /s/ Matthew D. Fransen
Name: Matthew D. Fransen
Title: Treasurer and Vice President

KENTUCKY POWER COST RECOVERY LLC, as a Bond Issuer

By: /s/ Matthew D. Fransen
Name: Matthew D. Fransen
Title: Treasurer and Vice President

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as an Indenture Trustee

By: /s/ Matthew M. Smith
Name: Matthew M. Smith
Title: Vice President

AEP CREDIT, INC.,
as Receivables Buyer

By: /s/ Matthew D. Fransen
Name: Matthew D. Fransen
Title: Treasurer and Vice President

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and Control Agent

By: /s/ Josh Harraka
Name: Josh Harraka
Title: Vice President

Company, Securitization Property Servicer and Receivables Sub-Servicer	Kentucky Power Company
Notice Address	One Riverside Plaza Columbus, Ohio 43215 Attention: Treasurer Telephone: (614) 716-1000 Email: Treasury_Operations_AEP@aep.com
Bond Issuer	Kentucky Power Cost Recovery LLC
Notice Address	1645 Winchester Avenue Ashland, Kentucky 41101 Attention: Vice President – Regulatory and Finance Telephone: (606) 929-1488 Email: Treasury_Operations_AEP@aep.com
Indenture Trustee	U.S. Bank Trust Company, National Association
Notice Address	190 South LaSalle Street, 7th Floor, MK-IL-SL7R Chicago, Illinois 60603 Attention: Corporate Trust Services / Kentucky Power Cost Recovery LLC Telephone: (312) 332-7496 Email: matthew.smith2@usbank.com; melissa.rosal@usbank.com; and maryann.turbak@usbank.com
Agency Agreement	Third Amended and Restated Agency Agreement, dated as of August 25, 2004, by and between Receivables Buyer and the Company, as amended, restated or modified from time to time
Commission	Kentucky Public Service Commission (including any governmental authority succeeding to the duties of such agency)
Financing Order	The Financing Order, issued on April 11, 2025, in Case No. 2023-00159, by the Commission pursuant to the Securitization Act, which amends, restates and supersedes the Financing Order issued by the Commission on January 10, 2024
Indenture	Indenture, dated as of June 12, 2025, by and between the Bond Issuer, the Indenture Trustee and U.S. Bank National Association, as securities intermediary, as amended, restated or modified from time to time
Purchase Agreement	Third Amended and Restated Purchase Agreement, dated as of August 25, 2004, by and between Receivables Buyer and the Company, as amended, restated or modified from time to time
Sale Agreement	Purchase and Sale Agreement, dated as of June 12, 2025, by and between the Bond Issuer and the Company, as amended, restated or modified from time to time
Securitization Act	Collectively, Chapter 278 of Title XXIV Public Utilities (KRS §§ 278.010, 278.670-.696) and Chapter 65 Counties, Cities, and Other Local Units of the act relating to investor-owned utilities (KRS § 65.114), as amended from time to time
Securitization Charges	The “securitized surcharges” (as defined in Section 278.670(20) of Title XXIV Public Utilities of the Kentucky Revised Statutes) approved by the Commission in the Financing Order

Securitization Property	The "securitized property" (as defined in Section 278.670(19) of Title XXIV Public Utilities of the Kentucky Revised Statutes) created pursuant to the Financing Order
Servicing Agreement	Servicing Agreement, dated as of June 12, 2025, by and between the Bond Issuer and the Company, as amended, restated or modified from time to time

Exhibit 10.5

JOINDER TO INTERCREDITOR AGREEMENT

RELATING TO

SERIES 2026-A SENIOR SECURED SAC BONDS –
APPALACHIAN POWER RECOVERY FUNDING LLC

This JOINDER TO INTERCREDITOR AGREEMENT (this "Joinder"), dated as of [●], 2026, is entered into by each of the following Persons, in its capacity(ies) specified below (each, an "Additional Party"), AEP CREDIT, INC., a Delaware limited liability company (the "Receivables Buyer"), and JPMorgan Chase Bank, N.A., as Administrative Agent for the Receivables Purchasers and as Control Agent under the Intercreditor Agreement (in such capacities, the "Agent"):

- Appalachian Power Company, a Virginia corporation, as a "Company", "Securitization Property Servicer" and "Receivables Sub-Servicer";
- Appalachian Power Recovery Funding LLC, a Delaware limited liability company, as a "Bond Issuer"; and
- U.S. Bank Trust Company, National Association, a national banking association, not in its individual capacity but solely in its capacity as an "Indenture Trustee".

Reference is made to the Intercreditor Agreement, dated as of September 7, 2022, as amended and restated as of December 9, 2024 (the "Intercreditor Agreement"), by and among the Receivables Buyer, the Agent, each Company from time to time party thereto, each Bond Issuer from time to time party thereto and each Indenture Trustee from time to time party thereto. The defined terms contained in the Intercreditor Agreement are incorporated herein.

Each Additional Party hereby agrees (a) to become a party to the Intercreditor Agreement for all purposes thereof on the terms set forth therein in the capacity specified above; (b) to be bound by the terms of the Intercreditor Agreement as if such Additional Party had executed and delivered the Intercreditor Agreement as an original party thereto in such capacity; (c) the "Agency Agreement", "Commission", "Indenture", "Purchase Agreement", "Sale Agreement", "Securitization Property", "Securitization Charges" and "Servicing Agreement" specified on Schedule 1 to this Joinder shall constitute an Agency Agreement, Commission, Indenture, Purchase Agreement, Sale Agreement, Securitization Property, Securitization Charges and Servicing Agreement, respectively, for all purposes under the Intercreditor Agreement; and (d) any communications, including notices and instructions, with respect to such Additional Party may be given at the address for such Additional Party specified on Schedule 1 hereto.

The Indenture Trustee as an Additional Party under this Intercreditor Agreement and pursuant to Section 16 of the Intercreditor Agreement, is entitled to all the rights, benefits, protection, immunities, and indemnities afforded to it under the Indenture.

The provisions of Section 9 (*Governing Law; Jurisdiction; Waiver of Jury Trial*) of the Intercreditor Agreement will apply with like effect to this Joinder.

IN WITNESS WHEREOF, the parties have caused this Joinder to be executed by their respective officers thereunto duly authorized, as of the date first above written.

APPALACHIAN POWER COMPANY,
as a Company, a Securitization Property Servicer and a Receivables Sub-Servicer

By: _____
Name:
Title:

APPALACHIAN POWER RECOVERY FUNDING LLC, as a Bond Issuer

By: _____
Name:
Title:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as an Indenture Trustee

By: _____
Name:
Title:

AEP CREDIT, INC.,
as Receivables Buyer

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and Control Agent

By: _____
Name:
Title:

Company, Securitization Property Servicer and Receivables Sub-Servicer	Appalachian Power Company
Notice Address	One Riverside Plaza Columbus, Ohio 43215 Attention: Treasurer Telephone: (614) 716-1000 Email: Treasury_Operations_AEP@aep.com
Bond Issuer	Appalachian Power Recovery Funding LLC
Notice Address	1051 E Cary St., Suite 1100 Richmond, Virginia 23219 Attention: Vice President – Regulatory and Finance Telephone: (614) 716-1519 Email: Treasury_Operations_AEP@aep.com
Indenture Trustee	U.S. Bank Trust Company, National Association
Notice Address	190 South LaSalle Street, 7th Floor, MK-IL-SL7R Chicago, Illinois 60603 Attention: Corporate Trust Services / Kentucky Power Cost Recovery LLC Telephone: (312) 332-7496 Email: matthew.smith2@usbank.com; melissa.rosal@usbank.com; and maryann.turbak@usbank.com
Agency Agreement	Third Amended and Restated Agency Agreement, dated as of August 25, 2004, by and between Receivables Buyer and the Company, as amended, restated or modified from time to time
Commission	State Corporation Commission of the Commonwealth of Virginia (including any governmental authority succeeding to the duties of such agency)
Financing Order	The Financing Order, issued on November 24, 2025, in Case No. PUR-2025-00116, by the Commission pursuant to the Securitization Act
Indenture	Indenture, dated as of [●], 2026, by and between the Bond Issuer, the Indenture Trustee and U.S. Bank National Association, as securities intermediary, as amended, restated or modified from time to time
Purchase Agreement	Third Amended and Restated Purchase Agreement, dated as of August 25, 2004, by and between Receivables Buyer and the Company, as amended, restated or modified from time to time
Sale Agreement	Purchase and Sale Agreement, dated as of [●], 2026, by and between the Bond Issuer and the Company, as amended, restated or modified from time to time
Securitization Act	§ 249.8 of Title 56 of the Code of Virginia, as amended from time to time
Securitization Charges	The “securitized asset cost charges” (as defined in § 249.8 A. of Title 56 of the Code of Virginia) approved by the Commission in the Financing Order
Securitization Property	The “Securitized Asset Cost Property” as defined in, and as created pursuant to, the Financing
Servicing Agreement	Servicing Agreement, dated as of [●], 2026, by and between the Bond Issuer and the Company, as amended, restated or modified from time to time

Exhibit 24.1

APPALACHIAN POWER COMPANY
POWER OF ATTORNEY

Each of the undersigned directors or officers of APPALACHIAN POWER COMPANY, a Virginia corporation, which is to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Act of 1933, as amended (the "Act"), one or more Registration Statements for the registration thereunder of up to $1,400,000,000 aggregate principal amount of securitized bonds to be issued by the Company, or one or more post-effective Registration Statements, does hereby appoint WILLIAM J. FEHRMAN, TREVOR I. MIHALIK, MATTHEW D. FRANSEN, FRANZ D. MESSNER, AND MARC B. HUNTER, his true and lawful attorneys, and each of them his true and lawful attorney, with power to act without the others, and with full power of substitution or resubstitution, to execute for him and in his name said Registration Statement(s) and any and all amendments thereto, whether said amendments add to, delete from or otherwise alter the Registration Statement(s) or the related Prospectus(es) included therein, or add or withdraw any exhibits or schedules to be filed therewith and any and all instruments necessary or incidental in connection therewith, hereby granting unto said attorneys and each of them full power and authority to do and perform in the name and on behalf of each of the undersigned, and in any and all capacities, every act and thing whatsoever required or necessary to be done in and about the premises, as fully and to all intents and purposes as each of the undersigned might or could do in person, hereby ratifying and approving the acts of said attorneys and each of them.

IN WITNESS WHEREOF the undersigned have hereunto set their hands and seals this 16th day of December, 2025.

/s/ Robert B. Berntsen
Robert B. Berntsen

/s/ Trevor I. Mihalik
Trevor I. Mihalik

/s/ William J. Fehrman
William J. Fehrman

/s/ Aaron D. Walker
Aaron D. Walker

Exhibit 25.1

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **Check if an Application to Determine Eligibility of a Trustee Pursuant to Section 305(b)(2)**

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

91-1821036
I.R.S. Employer Identification No.

800 Nicollet Mall
Minneapolis, Minnesota
(Address of principal executive offices)

55402
(Zip Code)

Matthew M. Smith
U.S. Bank Trust Company, National Association
190 South LaSalle Street
Chicago, IL 60603
(312) 332-7462
(Name, address and telephone number of agent for service)

Appalachian Power Recovery Funding LLC
(Issuer with respect to the Securities)

Delaware
(State or other jurisdiction of incorporation or organization)

41-3000250
(I.R.S. Employer Identification No.)

1051 E. Cary St, Suite 1100
Richmond, Virginia
(Address of Principal Executive Offices)

23219
(Zip Code)

Senior Secured SAC Bonds
(Title of the Indenture Securities)

FORM T-1

Item 1. GENERAL INFORMATION. Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*

Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*

Yes

Item 2. AFFILIATIONS WITH THE OBLIGOR. *If the obligor is an affiliate of the Trustee, describe each such affiliation.*

None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. LIST OF EXHIBITS: *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee, attached as Exhibit 1.
2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.
3. A copy of the authorization of the Trustee to exercise corporate trust powers, included as Exhibit 2.
4. A copy of the existing bylaws of the Trustee, attached as Exhibit 4.
5. A copy of each Indenture referred to in Item 4. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
7. Report of Condition of the Trustee as of September 30, 2025, published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Chicago, State of Illinois on the 27 of February, 2026.

By: /s/ Matthew M. Smith
Matthew M. Smith
Vice President

Exhibit 1

ARTICLES OF ASSOCIATION
OF
U. S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

For the purpose of organizing an association (the "Association") to perform any lawful activities of national banks, the undersigned enter into the following Articles of Association:

FIRST. The title of this Association shall be U. S. Bank Trust Company, National Association.

SECOND. The main office of the Association shall be in the city of Portland, county of Multnomah, state of Oregon. The business of the Association will be limited to fiduciary powers and the support of activities incidental to the exercise of those powers. The Association may not expand or alter its business beyond that stated in this article without the prior approval of the Comptroller of the Currency.

THIRD. The board of directors of the Association shall consist of not less than five nor more than twenty-five persons, the exact number to be fixed and determined from time to time by resolution of a majority of the full board of directors or by resolution of a majority of the shareholders at any annual or special meeting thereof. Each director shall own common or preferred stock of the Association or of a holding company owning the Association, with an aggregate par, fair market, or equity value of not less than $1,000, as of either (i) the date of purchase, (ii) the date the person became a director, or (iii) the date of that person's most recent election to the board of directors, whichever is more recent. Any combination of common or preferred stock of the Association or holding company may be used.

Any vacancy in the board of directors may be filled by action of a majority of the remaining directors between meetings of shareholders. The board of directors may increase the number of directors up to the maximum permitted by law. Terms of directors, including directors selected to fill vacancies, shall expire at the next regular meeting of shareholders at which directors are elected, unless the directors resign or are removed from office. Despite the expiration of a director's term, the director shall continue to serve until his or her successor is elected and qualified or until there is a decrease in the number of directors and his or her position is eliminated.

Honorary or advisory members of the board of directors, without voting power or power of final decision in matters concerning the business of the Association, may be appointed by resolution of a majority of the full board of directors, or by resolution of shareholders at any annual or special meeting. Honorary or advisory directors shall not be counted to determined the number of directors of the Association or the presence of a quorum in connection with any board action, and shall not be required to own qualifying shares.

FOURTH. There shall be an annual meeting of the shareholders to elect directors and transact whatever other business may be brought before the meeting. It shall be held at the main office or any other convenient place the board of directors may designate, on the day of each year specified therefor in the Bylaws, or if that day falls on a legal holiday in the state in which the

Association is located, on the next following banking day. If no election is held on the day fixed or in the event of a legal holiday on the following banking day, an election may be held on any subsequent day within 60 days of the day fixed, to be designated by the board of directors, or, if the directors fail to fix the day, by shareholders representing two-thirds of the shares issued and outstanding. In all cases, at least 10 days' advance notice of the meeting shall be given to the shareholders by first-class mail.

In all elections of directors, the number of votes each common shareholder may cast will be determined by multiplying the number of shares he or she owns by the number of directors to be elected. Those votes may be cumulated and cast for a single candidate or may be distributed among two or more candidates in the manner selected by the shareholder. On all other questions, each common shareholder shall be entitled to one vote for each share of stock held by him or her.

A director may resign at any time by delivering written notice to the board of directors, its chairperson, or to the Association, which resignation shall be effective when the notice is delivered unless the notice specifies a later effective date.

A director may be removed by the shareholders at a meeting called to remove him or her, when notice of the meeting stating that the purpose or one of the purposes is to remove him or her is provided, if there is a failure to fulfill one of the affirmative requirements for qualification, or for cause; provided, however, that a director may not be removed if the number of votes sufficient to elect him or her under cumulative voting is voted against his or her removal.

FIFTH. The authorized amount of capital stock of the Association shall be 1,000,000 shares of common stock of the par value of ten dollars ($10) each; but said capital stock may be increased or decreased from time to time, according to the provisions of the laws of the United States. The Association shall have only one class of capital stock.

No holder of shares of the capital stock of any class of the Association shall have any preemptive or preferential right of subscription to any shares of any class of stock of the Association, whether now or hereafter authorized, or to any obligations convertible into stock of the Association, issued, or sold, nor any right of subscription to any thereof other than such, if any, as the board of directors, in its discretion, may from time to time determine and at such price as the board of directors may from time to time fix.

Transfers of the Association's stock are subject to the prior written approval of a federal depository institution regulatory agency. If no other agency approval is required, the approval of the Comptroller of the Currency must be obtained prior to any such transfers.

Unless otherwise specified in the Articles of Association or required by law, (1) all matters requiring shareholder action, including amendments to the Articles of Association must be approved by shareholders owning a majority voting interest in the outstanding voting stock, and (2) each shareholder shall be entitled to one vote per share.

Unless otherwise specified in the Articles of Association or required by law, all shares of voting stock shall be voted together as a class, on any matters requiring shareholder approval.

Unless otherwise provided in the Bylaws, the record date for determining shareholders entitled to notice of and to vote at any meeting is the close of business on the day before the first notice is mailed or otherwise sent to the shareholders, provided that in no event may a record date be more than 70 days before the meeting.

The Association, at any time and from time to time, may authorize and issue debt obligations, whether subordinated, without the approval of the shareholders. Obligations classified as debt, whether subordinated, which may be issued by the Association without the approval of shareholders, do not carry voting rights on any issue, including an increase or decrease in the aggregate number of the securities, or the exchange or reclassification of all or part of securities into securities of another class or series.

SIXTH. The board of directors shall appoint one of its members president of this Association and one of its members chairperson of the board and shall have the power to appoint one or more vice presidents, a secretary who shall keep minutes of the directors' and shareholders' meetings and be responsible for authenticating the records of the Association, and such other officers and employees as may be required to transact the business of this Association. A duly appointed officer may appoint one or more officers or assistant officers if authorized by the board of directors in accordance with the Bylaws.

The board of directors shall have the power to:

(1) Define the duties of the officers, employees, and agents of the Association.

(2) Delegate the performance of its duties, but not the responsibility for its duties, to the officers, employees, and agents of the Association.

(3) Fix the compensation and enter employment contracts with its officers and employees upon reasonable terms and conditions consistent with applicable law.

(4) Dismiss officers and employees.

(5) Require bonds from officers and employees and to fix the penalty thereof.

(6) Ratify written policies authorized by the Association's management or committees of the board.

(7) Regulate the manner any increase or decrease of the capital of the Association shall be made; provided that nothing herein shall restrict the power of shareholders to increase or decrease the capital of the Association in accordance with law, and nothing shall raise or lower from two-thirds the percentage required for shareholder approval to increase or reduce the capital.

(8) Manage and administer the business and affairs of the Association.

(9) Adopt initial Bylaws, not inconsistent with law or the Articles of Association, for managing the business and regulating the affairs of the Association.

(10) Amend or repeal Bylaws, except to the extent that the Articles of Association reserve this power in whole or in part to the shareholders.

(11) Make contracts.

(12) Generally perform all acts that are legal for a board of directors to perform.

SEVENTH. The board of directors shall have the power to change the location of the main office to any authorized branch within the limits of the city of Portland, Oregon, without the approval of the shareholders, or with a vote of shareholders owning two-thirds of the stock of the Association for a location outside such limits and upon receipt of a certificate of approval from the Comptroller of the Currency, to any other location within or outside the limits of the city of Portland, Oregon, but not more than thirty miles beyond such limits. The board of directors shall have the power to establish or change the location of any office or offices of the Association to any other location permitted under applicable law, without approval of shareholders, subject to approval by the Comptroller of the Currency.

EIGHTH. The corporate existence of this Association shall continue until termination according to the laws of the United States.

NINTH. The board of directors of the Association, or any shareholder owning, in the aggregate, not less than 25 percent of the stock of the Association, may call a special meeting of shareholders at any time. Unless otherwise provided by the Bylaws or the laws of the United States, or waived by shareholders, a notice of the time, place, and purpose of every annual and special meeting of the shareholders shall be given by first-class mail, postage prepaid, mailed at least 10, and no more than 60, days prior to the date of the meeting to each shareholder of record at his/her address as shown upon the books of the Association. Unless otherwise provided by the Bylaws, any action requiring approval of shareholders must be effected at a duly called annual or special meeting.

TENTH. These Articles of Association may be amended at any regular or special meeting of the shareholders by the affirmative vote of the holders of a majority of the stock of the Association, unless the vote of the holders of a greater amount of stock is required by law, and in that case by the vote of the holders of such greater amount; provided, that the scope of the Association’s activities and services may not be expanded without the prior written approval of the Comptroller of the Currency. The Association’s board of directors may propose one or more amendments to the Articles of Association for submission to the shareholders.

In witness whereof, we have hereunto set our hands this 11th of June, 1997.

/s/ Jeffrey T. Grubb
Jeffrey T. Grubb

/s/ Robert D. Sznewajs
Robert D. Sznewajs

/s/ Dwight V. Board
Dwight V. Board

/s/ P. K. Chatterjee
P. K. Chatterjee

/s/ Robert Lane
Robert Lane

Exhibit 2

Office of the Comptroller of the Currency

Washington, DC 20219

CERTIFICATE OF CORPORATE EXISTENCE AND FIDUCIARY POWERS

I, Rodney E.Hood, Acting Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank Trust Company National Association," Portland, Oregon (Charter No. 23412), is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking and exercise fiduciary powers on the date of this certificate.

IN TESTIMONY WHEREOF, today, July 1, 2025, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Rodney E. Hood

Acting Comptroller of the Currency

CURRENCY BUREAU SEAL OF THE Comptroller OF THE CURRENCY TREASURY DEPARTMENT

2025-01116-C

Exhibit 4

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

AMENDED AND RESTATED BYLAWS

ARTICLE I
Meetings of Shareholders

Section 1.1. Annual Meeting. The annual meeting of the shareholders, for the election of directors and the transaction of any other proper business, shall be held at a time and place as the Chairman or President may designate. Notice of such meeting shall be given not less than ten (10) days or more than sixty (60) days prior to the date thereof, to each shareholder of the Association, unless the Office of the Comptroller of the Currency (the "OCC") determines that an emergency circumstance exists. In accordance with applicable law, the sole shareholder of the Association is permitted to waive notice of the meeting. If, for any reason, an election of directors is not made on the designated day, the election shall be held on some subsequent day, as soon thereafter as practicable, with prior notice thereof. Failure to hold an annual meeting as required by these Bylaws shall not affect the validity of any corporate action or work a forfeiture or dissolution of the Association.

Section 1.2. Special Meetings. Except as otherwise specially provided by law, special meetings of the shareholders may be called for any purpose, at any time by a majority of the board of directors (the "Board"), or by any shareholder or group of shareholders owning at least ten percent of the outstanding stock.

Every such special meeting, unless otherwise provided by law, shall be called upon not less than ten (10) days nor more than sixty (60) days prior notice stating the purpose of the meeting.

Section 1.3. Nominations for Directors. Nominations for election to the Board may be made by the Board or by any shareholder.

Section 1.4. Proxies. Shareholders may vote at any meeting of the shareholders by proxies duly authorized in writing. Proxies shall be valid only for one meeting and any adjournments of such meeting and shall be filed with the records of the meeting.

Section 1.5. Record Date. The record date for determining shareholders entitled to notice and to vote at any meeting will be thirty days before the date of such meeting, unless otherwise determined by the Board.

Section 1.6. Quorum and Voting. A majority of the outstanding capital stock, represented in person or by proxy, shall constitute a quorum at any meeting of shareholders, unless otherwise provided by law, but less than a quorum may adjourn any meeting, from time to time, and the meeting may be held as adjourned without further notice. A majority of the votes cast shall decide every question or matter submitted to the shareholders at any meeting, unless otherwise provided by law or by the Articles of Association.

Section 1.7. Inspectors. The Board may, and in the event of its failure so to do, the Chairman of the Board may appoint Inspectors of Election who shall determine the presence of quorum, the validity of proxies, and the results of all elections and all other matters voted upon by shareholders at all annual and special meetings of shareholders.

Section 1.8. Waiver and Consent. The shareholders may act without notice or a meeting by a unanimous written consent by all shareholders.

Section 1.9. Remote Meetings. The Board shall have the right to determine that a shareholder meeting not be held at a place, but instead be held solely by means of remote communication in the manner and to the extent permitted by the General Corporation Law of the State of Delaware.

ARTICLE II
Directors

Section 2.1. Board of Directors. The Board shall have the power to manage and administer the business and affairs of the Association. Except as expressly limited by law, all corporate powers of the Association shall be vested in and may be exercised by the Board.

Section 2.2. Term of Office. The directors of this Association shall hold office for one year and until their successors are duly elected and qualified, or until their earlier resignation or removal.

Section 2.3. Powers. In addition to the foregoing, the Board shall have and may exercise all of the powers granted to or conferred upon it by the Articles of Association, the Bylaws and by law.

Section 2.4. Number. As provided in the Articles of Association, the Board of this Association shall consist of no less than five nor more than twenty-five members, unless the OCC has exempted the Association from the twenty-five- member limit. The Board shall consist of a number of members to be fixed and determined from time to time by resolution of the Board or the shareholders at any meeting thereof, in accordance with the Articles of Association. Between meetings of the shareholders held for the purpose of electing directors, the Board

by a majority vote of the full Board may increase the size of the Board but not to more than a total of twenty-five directors, and fill any vacancy so created in the Board; provided that the Board may increase the number of directors only by up to two directors, when the number of directors last elected by shareholders was fifteen or fewer, and by up to four directors, when the number of directors last elected by shareholders was sixteen or more. Each director shall own a qualifying equity interest in the Association or a company that has control of the Association in each case as required by applicable law. Each director shall own such qualifying equity interest in his or her own right and meet any minimum threshold ownership required by applicable law.

Section 2.5. Organization Meeting. The newly elected Board shall meet for the purpose of organizing the new Board and electing and appointing such officers of the Association as may be appropriate. Such meeting shall be held on the day of the election or as soon thereafter as practicable, and, in any event, within thirty days thereafter, at such time and place as the Chairman or President may designate. If, at the time fixed for such meeting, there shall not be a quorum present, the directors present may adjourn the meeting until a quorum is obtained.

Section 2.6. Regular Meetings. The regular meetings of the Board shall be held, without notice, as the Chairman or President may designate and deem suitable.

Section 2.7. Special Meetings. Special meetings of the Board may be called at any time, at any place and for any purpose by the Chairman of the Board or the President of the Association, or upon the request of a majority of the entire Board. Notice of every special meeting of the Board shall be given to the directors at their usual places of business, or at such other addresses as shall have been furnished by them for the purpose. Such notice shall be given at least twelve hours (three hours if meeting is to be conducted by conference telephone) before the meeting by telephone or by being personally delivered, mailed, or electronically delivered. Such notice need not include a statement of the business to be transacted at, or the purpose of, any such meeting.

Section 2.8. Quorum and Necessary Vote. A majority of the directors shall constitute a quorum at any meeting of the Board, except when otherwise provided by law; but less than a quorum may adjourn any meeting, from time to time, and the meeting may be held as adjourned without further notice. Unless otherwise provided by law or the Articles or Bylaws of this Association, once a quorum is established, any act by a majority of those directors present and voting shall be the act of the Board.

Section 2.9. Written Consent. Except as otherwise required by applicable laws and regulations, the Board may act without a meeting by a unanimous written consent by all directors, to be filed with the Secretary of the Association as part of the corporate records.

Section 2.10. Remote Meetings. Members of the Board, or of any committee thereof, may participate in a meeting of such Board or committee by means of conference telephone, video or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

Section 2.11. Vacancies. When any vacancy occurs among the directors, the remaining members of the Board may appoint a director to fill such vacancy at any regular meeting of the Board, or at a special meeting called for that purpose.

ARTICLE III
Committees

Section 3.1. Advisory Board of Directors. The Board may appoint persons, who need not be directors, to serve as advisory directors on an advisory board of directors established with respect to the business affairs of either this Association alone or the business affairs of a group of affiliated organizations of which this Association is one. Advisory directors shall have such powers and duties as may be determined by the Board, provided, that the Board's responsibility for the business and affairs of this Association shall in no respect be delegated or diminished.

Section 3.2. Trust Audit Committee. At least once during each calendar year, the Association shall arrange for a suitable audit (by internal or external auditors) of all significant fiduciary activities under the direction of its trust audit committee, a function that will be fulfilled by the Audit Committee of the financial holding company that is the ultimate parent of this Association. The Association shall note the results of the audit (including significant actions taken as a result of the audit) in the minutes of the Board. In lieu of annual audits, the Association may adopt a continuous audit system in accordance with 12 C.F.R. § 9.9(b).

The Audit Committee of the financial holding company that is the ultimate parent of this Association, fulfilling the function of the trust audit committee:

(1) Must not include any officers of the Association or an affiliate who participate significantly in the administration of the Association's fiduciary activities; and

(2) Must consist of a majority of members who are not also members of any committee to which the Board has delegated power to manage and control the fiduciary activities of the Association.

Section 3.3. Executive Committee. The Board may appoint an Executive Committee which shall consist of at least three directors and which shall have, and may exercise, to the extent permitted by applicable law, all the powers of the Board between meetings of the Board or otherwise when the Board is not meeting.

Section 3.4. Trust Management Committee. The Board of this Association shall appoint a Trust Management Committee to provide oversight of the fiduciary activities of the Association. The Trust Management Committee shall determine policies governing fiduciary activities. The Trust Management Committee or such sub-committees, officers or others as may be duly designated by the Trust Management Committee shall oversee the processes related to fiduciary activities to assure conformity with fiduciary policies it establishes, including ratifying the acceptance and the closing out or relinquishment of all trusts. The Trust Management Committee will provide regular reports of its activities to the Board.

Section 3.5. Other Committees. The Board may appoint, from time to time, committees of one or more persons who need not be directors, for such purposes and with such powers as the Board may determine; however, the Board will not delegate to any committee any powers or responsibilities that it is prohibited from delegating under any law or regulation. In addition, either the Chairman or the President may appoint, from time to time, committees of one or more officers, employees, agents or other persons, for such purposes and with such powers as either the Chairman or the President deems appropriate and proper. Whether appointed by the Board, the Chairman, or the President, any such committee shall at all times be subject to the direction and control of the Board.

Section 3.6. Meetings, Minutes and Rules. An advisory board of directors and/or committee shall meet as necessary in consideration of the purpose of the advisory board of directors or committee, and shall maintain minutes in sufficient detail to indicate actions taken or recommendations made; unless required by the members, discussions, votes or other specific details need not be reported. An advisory board of directors or a committee may, in consideration of its purpose, adopt its own rules for the exercise of any of its functions or authority.

ARTICLE IV
Officers

Section 4.1. Chairman of the Board. The Board may appoint one of its members to be Chairman of the Board to serve at the pleasure of the Board. The Chairman shall supervise the carrying out of the policies adopted or approved by the Board; shall have general executive powers, as well as the specific powers conferred by these Bylaws; and shall also have and may exercise such powers and duties as from time to time may be conferred upon or assigned by the Board.

Section 4.2. President. The Board may appoint one of its members to be President of the Association. In the absence of the Chairman, the President shall preside at any meeting of the Board. The President shall have general executive powers, and shall have and may exercise any and all other powers and duties pertaining by law, regulation or practice, to the office of President, or imposed by these Bylaws. The President shall also have and may exercise such powers and duties as from time to time may be conferred or assigned by the Board.

Section 4.3. Vice President. The Board may appoint one or more Vice Presidents who shall have such powers and duties as may be assigned by the Board and to perform the duties of the President on those occasions when the President is absent, including presiding at any meeting of the Board in the absence of both the Chairman and President.

Section 4.4. Secretary. The Board shall appoint a Secretary, or other designated officer who shall be Secretary of the Board and of the Association, and shall keep accurate minutes of all meetings. The Secretary shall attend to the giving of all notices required by these Bylaws to be given; shall be custodian of the corporate seal, records, documents and papers of the Association; shall provide for the keeping of proper records of all transactions of the Association; shall, upon request, authenticate any records of the Association; shall have and may exercise any and all other powers and duties pertaining by law, regulation or practice, to the Secretary, or imposed by these Bylaws; and shall also perform such other duties as may be assigned from time to time by the Board. The Board may appoint one or more Assistant Secretaries with such powers and duties as the Board, the President or the Secretary shall from time to time determine.

Section 4.5. Other Officers. The Board may appoint, and may authorize the Chairman, the President or any other officer to appoint, any officer as from time to time may appear to the Board, the Chairman, the President or such other officer to be required or desirable to transact the business of the Association. Such officers shall exercise such powers and perform such duties as pertain to their several offices, or as may be conferred upon or assigned to them by these Bylaws, the Board, the Chairman, the President or such other authorized officer. Any person may hold two offices.

Section 4.6. Tenure of Office. The Chairman or the President and all other officers shall hold office until their respective successors are elected and qualified or until their earlier death, resignation, retirement, disqualification or removal from office, subject to the right of the Board or authorized officer to discharge any officer at any time.

ARTICLE V
Stock

Section 5.1. The Board may authorize the issuance of stock either in certificated or in uncertificated form. Certificates for shares of stock shall be in such form as the Board may from time to time prescribe. If the Board issues certificated stock, the certificate shall be signed by the President, Secretary or any other such officer as the Board so determines. Shares of stock shall be transferable on the books of the Association, and a transfer book shall be kept in which all transfers of stock shall be recorded. Every person becoming a shareholder by such transfer shall, in proportion to such person's shares, succeed to all rights of the prior holder of such shares. Each certificate of stock shall recite on its face that the stock represented thereby is transferable only upon the books of the Association properly endorsed. The Board may impose conditions upon the transfer of the stock reasonably calculated to simplify the work of the Association for stock transfers, voting at shareholder meetings, and related matters, and to protect it against fraudulent transfers.

ARTICLE VI
Corporate Seal

Section 6.1. The Association shall have no corporate seal; provided, however, that if the use of a seal is required by, or is otherwise convenient or advisable pursuant to, the laws or regulations of any jurisdiction, the following seal may be used, and the Chairman, the President, the Secretary and any Assistant Secretary shall have the authority to affix such seal:

ARTICLE VII
Miscellaneous Provisions

Section 7.1. Execution of Instruments. All agreements, checks, drafts, orders, indentures, notes, mortgages, deeds, conveyances, transfers, endorsements, assignments, certificates, declarations, receipts, discharges, releases, satisfactions, settlements, petitions, schedules, accounts, affidavits, bonds, undertakings, guarantees, proxies and other instruments or documents may be signed, countersigned, executed, acknowledged, endorsed, verified, delivered or accepted on behalf of the Association, whether in a fiduciary capacity or otherwise, by any officer of the Association, or such employee or agent as may be designated from time to time by the Board by resolution, or by the Chairman or the President by written instrument, which resolution or instrument shall be certified as in effect by the Secretary or an Assistant Secretary of the Association. The provisions of this section are supplementary to any other provision of the Articles of Association or Bylaws.

Section 7.2. Records. The Articles of Association, the Bylaws as revised or amended from time to time and the proceedings of all meetings of the shareholders, the Board, and standing committees of the Board, shall be recorded in appropriate minute books provided for the purpose. The minutes of each meeting shall be signed by the Secretary, or other officer appointed to act as Secretary of the meeting.

Section 7.3. Trust Files. There shall be maintained in the Association files all fiduciary records necessary to assure that its fiduciary responsibilities have been properly undertaken and discharged.

Section 7.4. Trust Investments. Funds held in a fiduciary capacity shall be invested according to the instrument establishing the fiduciary relationship and according to law. Where such instrument does not specify the character and class of investments to be made and does not vest in the Association a discretion in the matter, funds held pursuant to such instrument shall be invested in investments in which corporate fiduciaries may invest under law.

Section 7.5. Notice. Whenever notice is required by the Articles of Association, the Bylaws or law, such notice shall be by mail, postage prepaid, e- mail, in person, or by any other means by which such notice can reasonably be expected to be received, using the address of the person to receive such notice, or such other personal data, as may appear on the records of the Association. Except where specified otherwise in these Bylaws, prior notice shall be proper if given not more than 30 days nor less than 10 days prior to the event for which notice is given.

ARTICLE VIII
Indemnification

Section 8.1. The Association shall indemnify such persons for such liabilities in such manner under such circumstances and to such extent as permitted by Section 145 of the Delaware General Corporation Law, as now enacted or hereafter amended. The Board may authorize the purchase and maintenance of insurance and/or the execution of individual agreements for the purpose of such indemnification, and the Association shall advance all reasonable costs and expenses (including attorneys' fees) incurred in defending any action, suit or proceeding to all persons entitled to indemnification under this Section 8.1. Such insurance shall be consistent with the requirements of 12 C.F.R. § 7.2014 and shall exclude coverage of liability for a formal order assessing civil money penalties against an institution-affiliated party, as defined at 12 U.S.C. § 1813(u).

Section 8.2. Notwithstanding Section 8.1, however, (a) any indemnification payments to an institution-affiliated party, as defined at 12 U.S.C. § 1813(u), for an administrative proceeding or civil action initiated by a federal banking agency, shall be reasonable and consistent with the requirements of 12 U.S.C. § 1828(k) and the implementing regulations thereunder; and (b) any indemnification payments and advancement of costs and expenses to an institution-affiliated party, as defined at 12 U.S.C. § 1813(u), in cases involving an administrative proceeding or civil action not initiated by a federal banking agency, shall be in accordance with Delaware General Corporation Law and consistent with safe and sound banking practices.

ARTICLE IX
Bylaws: Interpretation and Amendment

Section 9.1. These Bylaws shall be interpreted in accordance with and subject to appropriate provisions of law, and may be added to, altered, amended, or repealed, at any regular or special meeting of the Board.

Section 9.2. A copy of the Bylaws and all amendments shall at all times be kept in a convenient place at the principal office of the Association, and shall be open for inspection to all shareholders during Association hours.

ARTICLE X
Miscellaneous Provisions

Section 10.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January in each year and shall end on the thirty-first day of December following.

Section 10.2. Governing Law. This Association designates the Delaware General Corporation Law, as amended from time to time, as the governing law for its corporate governance procedures, to the extent not inconsistent with Federal banking statutes and regulations or bank safety and soundness.

***

(February 8, 2021)

Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: February 27, 2026

By: /s/ Matthew M. Smith
Matthew M. Smith
Vice President

Exhibit 7

U.S. Bank Trust Company, National Association
Statement of Financial Condition
as of 9/30/2025
($000's)

	9/30/2025
Assets	
Cash and Balances Due From Depository Institutions	$1,949,886
Securities	4,656
Federal Funds	0
Loans & Lease Financing Receivables	0
Fixed Assets	713
Intangible Assets	574,611
Other Assets	162,279
Total Assets	**$2,692,145**
Liabilities	
Deposits	$ 0
Fed Funds	0
Treasury Demand Notes	0
Trading Liabilities	0
Other Borrowed Money	0
Acceptances	0
Subordinated Notes and Debentures	0
Other Liabilities	222,254
Total Liabilities	**$ 222,254**
Equity	
Common and Preferred Stock	200
Surplus	1,171,635
Undivided Profits	1,298,056
Minority Interest in Subsidiaries	0
Total Equity Capital	**$2,469,891**
Total Liabilities and Equity Capital	**$2,692,145**

Exhibit 99.1

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 24, 2025

State Corporation Commission
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PETITION OF

APPALACHIAN POWER COMPANY

CASE NO. PUR-2025-00116

For a financing order authorizing the issuance of securitized asset cost bonds pursuant to § 56-249.8 of the Code of Virginia

FINANCING ORDER

During its 2025 Session, the Virginia General Assembly enacted Chapters 497 and 597, which became effective July 1, 2025. These duplicate Acts of Assembly ("Act"), among other things, amended the Code of Virginia ("Code") by adding Code § 56-249.8 ("Securitization Statute"). Under the Securitization Statute, an electric utility may seek authorization to issue securitized asset cost bonds that are secured by securitized asset cost property,[1] including a dedicated securitized asset cost charge that is separate and distinct from the utility's base rates.[2]

On July 31, 2025, Appalachian Power Company ("APCo" or "Company") completed filing with the State Corporation Commission ("Commission") the Company's petition ("Petition") for a financing order pursuant to Code § 56-249.8, to finance certain securitized asset cost balances through securitized asset cost bonds. Specifically, the Petition seeks:

(i) Authorization to finance through a securitization ...: (1) the Virginia jurisdictional storm restoration costs incurred between January 1, 2024 and March 31, 2025, in the amount of approximately $140.6 million ("Storm Costs"); (2) the Virginia jurisdictional share of the undepreciated plant balances of the Amos and Mountaineer power plants as of December 31, 2023, in the amount of approximately $1.2 billion; and (3) up-front financing costs associated with this proposed securitization transaction in the amount of approximately $11.2 million ("Up-front Financing Costs");

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1 Code § 56-249.8 A ("Securitized asset cost bonds"), B.

2 Code § 56-249.8 A ("Securitized asset cost charge").

(ii) Approval of the proposed securitization financing structure ("Securitization");

(iii) Approval to sponsor the issuance of Securitized Asset Cost Bonds in the amount of approximately $1,376 billion, in one or more series or tranches;

(iv) Approval of the Up-front Financing Costs incurred in connection with the issuance of the Securitized Asset Cost Bonds and on-going financing costs ("On-going Financing Costs");

(v) Approval to create Securitized Asset Cost Property, including the right to: (a) impose, bill, charge, collect and receive nonbypassable Securitized Asset Cost Charges sufficient to recover the principal of, and interest on, the Securitized Asset Cost Bonds plus On-going Financing Costs; and (b) obtain periodic formulaic adjustments to the Securitized Asset Cost Property as provided in APCo's proposed Financing Order;[3]

(vi) Approval of the tariff to implement the Securitized Asset Cost Charges;

(vii) Approval of the Storm Costs; and

(viii) Approval of the Company's request for an exemption from the Affiliates Act approval for the Securitization.

As set forth in the Petition, and updated during this proceeding, APCo requests authorization to issue Securitized Asset Cost Bonds in the amount of approximately $1,375,500,000 ("Securitizable Balance"), which consists of approximately $1,364,256,421 of Securitized Asset Costs, *minus* any Aggregate Customer Opt-Out Payments as defined in the Large Customer Opt-Out Provision, *plus* Up-front Financing Costs of issuing the Securitized Asset Cost Bonds of approximately $11,243,579.

On August 11, 2025, the Commission issued an Order for Notice and Hearing ("Procedural Order") in this case. Among other things, the Procedural Order required the Company to provide notice of the Petition; directed the Commission's Staff ("Staff") to

[3] APCo's proposed Financing Order is Attachment 2 to the Petition.

investigate and file testimony on the Petition; provided opportunities for interested persons to participate in this proceeding; scheduled a public hearing to convene on October 1, 2025; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission.

A notice of participation was filed in this proceeding by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

Prefiled testimony was filed in this case by APCo and Staff. Four public comments were also submitted.

On October 1, 2025, the public hearing was conducted in the Commission's courtroom to receive the evidence of the case participants and any public witness testimony.

On October 15, 2025, the Report of D. Mathias Roussy, Jr., Chief Hearing Examiner ("Report") was filed in this case. On October 29,2025, APCo, Consumer Counsel, and Staff filed comments on the Report ("Comments").

Code of Virginia

Code § 56-249.8 B provides that:

> Notwithstanding the provisions of Chapter 3 (§ 56-55 et seq.), an electric utility may petition the Commission for a financing order pursuant to this section. No more than four months after the date such petition is filed, the Commission shall issue either (i) such financing order in accordance with the requirements of subdivision 2 or (ii) an order rejecting the petition, no more than four months from the date of filing such petition.

Under Code § 56-249.8 B 1, the petition for a financing order shall include:

> (i) an estimate of the total amount of any securitized asset costs that the electric utility has incurred over the time period noted in the petition; (ii) an indication of whether the electric utility proposes to finance all or a portion of the securitized asset costs using one or more series or tranches of securitized asset cost bonds; (iii) an estimate and details of the financing costs related to the securitized

asset costs to be financed through the securitized asset cost bonds; (iv) an estimate of the securitized asset cost charges necessary to recover the securitized asset costs and all financing costs and the proposed period for recovery of such costs; (v) a description of any benefits expected to result from the issuance of securitized asset cost bonds, including the avoidance of or significant mitigation of abrupt and significant increases in rates to the electric utility's customers for the applicable time period; and (vi) direct testimony and exhibits supporting the petition. If the electric utility proposes to finance a portion of the securitized asset costs, the electric utility shall identify in the petition the specific amount of securitized asset costs for the applicable time period to be financed using securitized asset cost bonds.

A financing order issued by the Commission pursuant to Code § 56-249.8 B 2 a shall include the following:

1. The amount of securitized asset costs to be financed using securitized asset cost bonds. The Commission shall describe and estimate the amount of financing costs that may be recovered through securitized asset cost charges. The financing order shall also specify the period over which securitized asset costs and financing costs may be recovered and whether the securitized asset cost bonds may be offered and issued in one or more series or tranches during a fixed period not to exceed one year after the date of the financing order;

2. A finding that the proposed issuance of securitized asset cost bonds is in the public interest and the associated securitized asset cost charges are just and reasonable;

3. A finding that the structuring and pricing of the securitized asset cost bonds are reasonably expected to result in reasonable securitized asset charges consistent with market conditions at the time the securitized asset cost bonds are priced and the terms set forth in such financing order;

4. A requirement that, for so long as the securitized asset cost bonds are outstanding and until all financing costs have been paid in full, the imposition and collection of securitized asset cost charges authorized under a financing order shall be nonbypassable and paid by all retail customers of the electric utility, irrespective of the generation supplier of such customer, except for an exempt retail access customer;

5. A formula-based true-up mechanism for making annual adjustments to the securitized asset cost charges that customers are required to pay pursuant to the financing order and for making any adjustments that are necessary to correct for any overcollection or undercollection of the charges or to otherwise ensure the timely payment of securitized asset cost bonds and financing costs and other required amounts and charges payable in connection with the securitized asset cost bonds:

6. The securitized asset cost property that is, or shall be, created in favor of an electric utility or its successors or assignees and that shall be used to pay or secure securitized asset cost bonds and all financing costs;

7. The authority of the electric utility to establish (i) the terms and conditions of the securitized asset cost bonds, including repayment schedules, expected interest rates, the issuance in one or more series or tranches with different maturity dates, and other financing costs, and (ii) the terms and conditions of the ancillary documents related to the securitized asset cost bonds, including servicing arrangements for securitized asset cost charges;

8. A finding that the securitized asset cost charges shall be allocated among customer classes in accordance with the methodology approved in the electric utility's most recent base rate case;

9. A requirement that after the final terms of an issuance of securitized asset cost bonds have been established and before the issuance of securitized asset cost bonds, the electric utility determines the resulting initial securitized asset cost charge in accordance with the financing order and that such initial securitized asset cost charge be final and effective upon the issuance of such securitized asset cost bonds without further Commission action so long as such initial securitized asset cost charge is consistent with the financing order;

10. A method of tracing funds collected as securitized asset cost charges, or other proceeds of securitized asset cost property, and a requirement that such method be the method of tracing such funds and determining the identifiable cash proceeds of any securitized asset cost property subject to the financing order under applicable law:

11. A requirement that the electric utility's base rates, exclusive of the cost of securitized asset cost bonds, reflect the reduction of rates associated with securitization effective on the date on which proceeds from the issuance of the securitized asset cost bonds are received by the electric utility;

...

13. A requirement that the electric utility's base rates, exclusive of the cost of securitized asset cost bonds, reflect the reduction of rate base associated with the securitization of utility plant balances effective on the date proceeds from the issuance of the securitized asset cost bonds are received by the utility; [and]

...

15. Any other conditions not otherwise inconsistent with this section that the Commission determines are appropriate.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Report of Chief Hearing Examiner Roussy should be adopted, including his recommendations on securitization for both plant and Storm Costs.[4] As stated by the Chief Hearing Examiner, "[wjhile APCo's proposed 20-year securitization would introduce intergenerational equity concerns for some customers in the latter years of the securitization term, . . any such negative impacts to some customers in the future are outweighed by the significant net present value savings and beneficial bill impacts for customers that the record demonstrates are available through securitization . . ."[5] Accordingly, the Commission finds as follows:[6]

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4 *See e.g.,* Report at 47-51. *See also,* Consumer Counsel Comments at 1 (agreeing with the Report's findings and recommendations and supporting the Commission's issuance of a financing order authorizing APCo to securitize $1,376 billion of Amos and Mountaineer plant balances, Storm Costs, and associated financing costs); APCo Comments at 3 (asking that the Commission approve inclusion of Storm Costs in the securitization); Staff Comments at 1 (stating that while Staff did not take a position on securitization of Storm Costs, Staff does not oppose the Chief Hearing Examiner's recommendation).

5 Report at 37.

6 The Commission has fully considered the evidence and arguments in the record supporting and opposing the positions of all participants. *See also Board of Super-visors ofLoudoun County v. State Corp. Comm 'n,* 292 Va. 444, 454 n. 10 (2016) ("We note that even in the absence of this representation by the Commission, pursuant to our governing standard of review, the Commission's decision comes to us with a presumption that it considered all of the evidence of record.") (citation omitted).

COSTS ELIGIBLE FOR FINANCING

Securitizable Balance

The Commission finds that the Securitizable Balance of approximately $1,375,500,000, consisting of approximately $1,364,256,421 of Securitized Asset Costs, *minus* $0 of Aggregate Customer Opt-Out Payments as defined in the Large Customer Opt-Out Provision, *plus* Up-front Financing Costs of issuing the Securitized Asset Cost Bonds of approximately $11,243,579, is eligible for financing through securitization and recovery through Securitized Asset Cost Charges.

Any over- or under-recovery of Securitized Asset Costs and/or Up-front Financing Costs will be eligible for future recovery or refund.

Further, the Commission finds, subject to the requirements and conditions herein, (i) that the proposed issuance of Securitized Asset Cost Bonds is in the public interest and the associated Securitized Asset Cost Charges are just and reasonable; and (ii) that the structuring and pricing of the Securitized Asset Cost Bonds are reasonably expected to result in reasonable Securitized Asset Cost Charges consistent with market conditions at the time the Securitized Asset Cost Bonds are priced and the terms set forth in this Financing Order (collectively, "Statutory Cost Objectives").

In issuing this Financing Order, the Commission finds that APCo shall be required to certify that Customers[7] will realize quantifiable customer benefits from the Securitization, measured by both lower bill impacts and a positive net present value ("NPV") compared to traditional cost recovery methods once the final structure and terms of the bond issuance are determined and prior to issuance of the Securitized Asset Cost Bonds. We further find the pre-tax weighted average cost of capital (as established in APCo's then most recent base rate case) shall be used as the discount rate in that NPV calculation.

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7 The term "Customers" as used herein means all existing and future Commission-jurisdictional retail customers that receive electric service within APCo's geographic service territory m the Commonwealth that have not opted out and are therefore subject to the Securitized Asset Cost Charges.

Large Customer Opt-Out of Securitized Asset Cost Charges

Pursuant to Enactment Clause 2 of the Act, any retail customer of APCo that is receiving electricity supply service from APCo, and whose demand exceeded five megawatts during the calendar year prior to the filing of this Petition, was eligible to opt out of financing its pro rata obligation for Securitized Asset Cost Charges through the Securitization. APCo's Petition provided notice to all such customers of their eligibility to opt out. No customer provided APCo with the written notice required to opt out of the Securitized Asset Cost Charges.

STRUCTURE OF ISSUANCE

APCo's proposed financing structure adheres to the requirements of the Act.

Special Purpose Entities

For purposes of securitization, it is reasonable for APCo to utilize one or more Special Purpose Entities ("SPEs"), each of which will be a Delaware limited liability company ("LLC") with APCo as its sole member. Any such SPE will be an "assignee" as defined in Code § 56-249.8 A, when an interest in Securitized Asset Cost Property is transferred, other than as security, to such SPE, and such SPE may issue Securitized Asset Cost Bonds in accordance with this Financing Order.

Securitized Asset Cost Property

In accordance with Code § 56-249.8 E 1 a, "Securitized Asset Cost Property" shall constitute (i) all rights and interests of APCo, or its successor or assignee, under this Financing Order, including the right to impose, bill, charge, collect and receive Securitized Asset Cost Charges authorized in this Financing Order and to obtain periodic adjustments to such Securitized Asset Cost Charges as provided in this Financing Order, and (ii) all revenues, collections, claims,

rights to payments, payments, money or proceeds arising from the rights and interests specified in this Financing Order, regardless of whether such revenues, collections, claims, rights to payment, payments, money or proceeds are imposed, billed, charged, collected or received with, or maintained together with or commingled with, other revenues, collections, rights to payment, payments, money or proceeds.[8] The Commission finds that (i) the Securitized Asset Cost Property constitutes "securitization asset cost property" as such term is used in the Securitization Statute, and (ii) it is reasonable for APCo to sell or otherwise transfer Securitized Asset Cost Property to the SPE pursuant to the terms of this Financing Order.

Pursuant to Code § 56-249.8 E 3 a, any sale, assignment, or other transfer of Securitized Asset Cost Property pursuant to this Financing Order shall be an absolute transfer and true sale of, and not a pledge of, or secured transaction relating to, the transferor's right, title, and interest in, to, and under the Securitized Asset Cost Property, provided that the documents governing the transaction expressly state that the transaction is a sale or other absolute transfer other than for federal and state income tax purposes. For all purposes other than federal and state income tax purposes, the parties' characterization of a transaction as a sale of an interest in Securitized Asset Cost Property shall be conclusive that the transaction is a true sale and that ownership has passed to the party characterized as the purchaser, regardless of any fact or circumstance that might support characterization of the transfer as a secured transaction. A transfer of an interest in Securitized Asset Cost Property shall occur only when all of the following have occurred: (i) this Financing Order creating the Securitized Asset Cost Property has become effective; (ii) the documents evidencing the transfer of Securitized Asset Cost Property have been executed and

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[8] The term "Securitized Asset Cost Property" is used but not defined in the Securitization Statute. The definition of "Securitized Asset Cost Property" authorized and used in this Financing Order aligns with the definition of "deferred fuel cost property" set forth in Code § 56-249.6:1.

delivered by APCo and the SPE; and (iii) value is received by APCo for the Securitized Asset Cost Property. After such a transaction, the Securitized Asset Cost Property shall not be subject to any claims of APCo's creditors, other than creditors holding a prior security interest in the Securitized Asset Cost Property perfected in accordance with Code § 56-249.8 E 2.

Furthermore, pursuant to Code § 56-249.8 E 3 b, the characterization of the sale, assignment, or other transfer as an absolute transfer and true sale, and the corresponding characterization of the interest of the SPE as an ownership interest, shall not be affected or impaired by the occurrence of any of the following factors: (1) the commingling of Securitized Asset Cost Charges with other amounts; (2) the retention by APCo of (i) a partial or residual interest, including an equity interest, in the Securitized Asset Cost Property, whether direct or indirect, or whether subordinate or otherwise, or (ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed on the collection of Securitized Asset Cost Charges; (3) any recourse that the SPE may have against APCo; (4) any right or obligation that APCo may have to repurchase the Securitized Asset Cost Charges; (5) any indemnification obligations of APCo; (6) the obligation of APCo to collect Securitized Asset Cost Charges on behalf of the SPE; (7) APCo acting as the servicer of the Securitized Asset Cost Charges or the existence of any contract that authorizes or requires APCo, to the extent that any interest in Securitized Asset Cost Property is sold or assigned, to agree with the SPE or any financing party that it will continue to operate its system to provide service to its customers, will collect amounts in respect of the Securitized Asset Cost Charges for the benefit and account of such assignee or financing party. and will account for and remit such amounts to or for the account of such assignee or financing party; (8) the treatment of the sale, conveyance, assignment, or other transfer for tax, financial reporting, or other purposes; (9) the granting or providing to bondholders of a preferred right to

the Securitized Asset Cost Property or credit enhancement by APCo or its affiliates with respect to the Securitized Asset Cost Bonds; or (10) any application of the formula-based adjustment mechanisms as provided in the Securitization Statute and this Financing Order.

Upon the transfer by APCo of the Securitized Asset Cost Property to the SPE, that SPE will have all of the rights, title and interest of APCo with respect to such Securitized Asset Cost Property, including, consistent with the Act, the right to impose, bill, charge, collect and receive the Securitized Asset Cost Charges authorized by this Financing Order and to obtain periodic formulaic adjustments to each Securitized Asset Cost Charge. Such Securitized Asset Cost Property is expected to be pledged by the SPE to, and held and administered by, a trustee as collateral for payment of the Securitized Asset Cost Bonds to ensure the Statutory Cost Objectives are achieved.

As provided in Code § 56-249.8 K 1, the Commonwealth and its agencies, including the Commission, have pledged to and agree with bondholders, the owners of the Securitized Asset Cost Property, and other financing parties, that the Commonwealth and its agencies, including the Commission, will not (a) alter the provisions of the Securitization Statute that (i) authorize the Commission to create an irrevocable contract right or chose in action by the issuance of this Financing Order, to create Securitized Asset Cost Property, and (ii) make the Securitized Asset Cost Charges imposed by this Financing Order irrevocable, binding, or nonbypassable charges; or (b) take or permit any action that impairs or would impair the value of Securitized Asset Cost Property or the security for the Securitized Asset Cost Bonds or revises the Securitized Asset Costs for which recovery is authorized; or (c) in any way impair the rights and remedies of the bondholders, assignees, or other financing parties, as further described in Code § 56-249.8 K 1.

Transaction Documents

APCo's and the SPE's entry into a Purchase and Sale Agreement, Administration Agreement, Limited Liability Company Agreement ("LLC Agreement"), Indenture, and Servicing Agreement, are necessary to facilitate the transaction. The proposed agreements were filed on July 31, 2025 ("Transaction Documents").[9] An exemption from the requirements of Code § 56-77 A for these affiliate contracts or arrangements is in the public interest and granted pursuant to Code § 56-77 B. As a condition of the exemption granted herein, APCo shall ensure that the final version of the Transaction Documents, and all affiliate activities associated with securitization, comply with Code § 56-249.8 and this financing Order. Additionally, APCo shall include the following information in its Annual Report of Affiliate Transactions submitted each year to the Director of the Division of Utility Accounting and finance, in Microsoft Excel format with formulas intact, for the duration of APCo's roles under the Servicing and Administration Agreements:

a. A schedule of the Securitized Asset Cost Charges collected by APCo and remitted to the SPE, by month and by dollar amount;

b. A schedule that quantifies the fees paid by the SPE to APCo, by type of fee, by month, by PERC account where the proceeds from each fee is recorded on APCo's books, and by dollar amount;

c. A schedule that quantifies APCo's internal and external costs to carry out its responsibilities under the Servicing and Administration Agreements, by agreement, by type of cost, by month, by PERC account where each cost is recorded on APCo's books, and by dollar amount; and

d. A schedule that quantifies any other charges or fees to/from APCo from/to the SPE, by type of charge, by month, by PERC account where each charge or fee is recorded on APCo's books, and by dollar amount.

[9] Ex. 3. These Transaction Documents are subject to change to incorporate rating agency and other considerations.

Offering and Sale of Bonds

APCo is hereby authorized to sponsor the issuance of the Securitized Asset Cost Bonds through a negotiated sale or other sales option to achieve the Statutory Cost Objectives. The Securitized Asset Cost Bonds may be offered in one or more series consisting of one or more tranches during a fixed period of time not to exceed one year after the date of this Financing Order. The Commission finds that it is in the public interest for the Staff to monitor each phase of the offering and issuance, and APCo shall work with Staff to effectuate such monitoring.

Amortization, Interest Rates, and Credit Ratings of Securitized Asset Cost Bonds

The expected term of the scheduled final payment date of the last maturing series or tranche of bonds issued pursuant to the authority granted herein, as determined in the reasonable discretion of APCo, should be no more than approximately 20 years from the issuance of the series of Securitized Asset Cost Bonds. The legal maturity date of each tranche may be longer than the scheduled final payment date for that tranche.

The Commission finds that each tranche of the Securitized Asset Cost Bonds should have a fixed interest rate, determined consistent with current market conditions.

APCo should strive to achieve the highest available credit ratings on the Securitized Asset Cost Bonds, and APCo is authorized to provide the necessary credit enhancements, included in the recovery of related costs as On-going Financing Costs, to achieve such ratings.[10]

Security for the Securitized Asset Cost Bonds

APCo's utilization of a collection account, including a general subaccount, a capital subaccount and an excess funds subaccount within the SPE, is reasonable and appropriate. The SPE sponsored by APCo may include other subaccounts in the collection account, if necessary, to obtain the targeted highest credit ratings on a series of Securitized Asset Cost Bonds.

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[10] Ordering Paragraph (24) authorizes APCo to make a capital contribution to the SPE. The "necessary credit enhancements" includable in On-going Financing Costs, as identified in the above paragraph, refers to the ability to draw capital from the associated subaccount to ensure the timely payment of the interest and principal. Funds drawn down in this way would be replenished when the nonbypassable rate is subsequently trued-up.

Method of Tracing Funds

As discussed below, the Securitized Asset Cost Charges to be collected from Customers will be placed on a separate line on Customers' bills. Pursuant to Code § 56-249.8 B 2 a (10), APCo shall implement and maintain a method of tracing funds collected as Securitized Asset Cost Charges, or other proceeds of Securitized Asset Cost Property, that allows for the identification and segregation of such funds. This method shall include the use of a specific billing code for Securitized Asset Cost Charges, the deposit of such funds into designated collection accounts, and the maintenance of records sufficient to determine the identifiable cash proceeds of any Securitized Asset Cost Property subject to this Financing Order.

APCo as Initial Servicer of the Securitized Asset Cost Bonds

APCo's proposal to act as initial servicer of the Securitized Asset Cost Bonds is reasonable and appropriate. APCo will continue to act as servicer unless the Commission approves a change of control of APCo, or as otherwise provided in the Servicing Agreement.

The on-going servicing fee for APCo, acting as the initial servicer, in an annual amount of 0.05 percent of the initial principal amount of such series of the Securitized Asset Cost Bonds plus out-of-pocket expenses provided for in the Servicing Agreement, is necessary to compensate the servicer adequately on an arms-length basis and ensure the high credit quality of the Securitized Asset Cost Bonds. In the event a substitute servicer is required, and such substitute servicer is not affiliated with APCo, the annual servicer fee payable to such substitute servicer shall not exceed 0.60 percent of the initial principal amount of such series of Securitized Asset Cost Bonds unless such higher rate is approved by the Commission.

APCo as Administrator of the SPE

APCo's proposal to act as an administrator of the SPE under the proposed financing transaction is reasonable and appropriate.

The on-going fee to be paid to the administrator of $100,000 per year, plus out-of-pocket expenses provided for in the Administration Agreement, is necessary to cover the costs and expenses of administering the SPE and to preserve the integrity of the bankruptcy-remote structure of the SPE and the high credit quality of the Securitized Asset Cost Bonds.

On-going Financing Costs

The On-going Financing Costs identified in APCo's Petition and that are identified in Attachment 4 of the form Issuance Advice Letter ('IAL"), which is Appendix B to this Financing Order, qualify as Financing Costs eligible for recovery pursuant to Code § 56-249.8 A.

It is appropriate for APCo to credit back to Customers all periodic servicing and administration fees in excess of APCo's or an affiliate of APCo's incremental cost of performing the servicer or administrator function in the next rate case when costs and revenues associated with the servicing and administration fees will be included in the cost of service, but only to the extent such crediting does not impair the targeted highest credit ratings on the Securitized Asset Cost Bonds.

Securitized Asset Cost Bonds to be Treated as "Debt" for Federal Income Tax Purposes

APCo shall structure the Securitized Asset Cost Bond transactions in a way that meets all requirements for the Internal Revenue Service's ("IRS") Revenue Procedure 2005-62, 2005-2 C.B. 507, as modified by Revenue Procedure 2024-15, 2024-12 I.R.B. 707.

SECURITIZED ASSET COST CHARGES

Imposition and Computation of Securitized Asset Cost Charges

To repay the Securitized Asset Cost Bonds and On-going Financing Costs, the SPE sponsored by APCo is authorized to impose the Securitized Asset Cost Charges to be collected by APCo acting as initial servicer, as a nonbypassable charge from all Customers of APCo, irrespective of the generation supplier of such Customer, except for exempt retail access customers,[11] until the Securitized Asset Cost Bonds and related Financing Costs are paid in full.

The Securitizable Balance to be financed using Securitized Asset Cost Bonds shall be determined in accordance with the calculation shown in Appendix A to this Financing Order.

The Securitized Asset Cost Charges shall be allocated among customer classes in accordance with the allocation methodology approved in APCo's most recent base rate case, as required by Code § 56-249.8 B 2 a (8). The allocation methodology shall remain in effect for the duration of the recovery of the Securitized Asset Cost Charges, unless otherwise modified by order of the Commission in a subsequent base rate case or cases.

The Commonwealth and its agencies, including the Commission, have pledged to and agree with bondholders, the owners of the Securitized Asset Cost Property, and other financing parties that the Commonwealth and its agencies, including the Commission, will not, except for changes made pursuant to the formulaic true-up mechanisms herein (collectively, "True-Up Mechanism"), reduce, alter, or impair the Securitized Asset Cost Charges until any and all principal, interest, premium, Financing Costs and other fees, expenses or charges incurred, and any contracts to be performed, in connection with the Securitized Asset Cost Bonds have been paid and performed in full, as further described in Code § 56-249.8 K l d.

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11 The Commission finds that APCo does not have any present or future retail access customers that are categorically exempt from the Securitized Asset Cost Charges. However, implementation of the customer allocation provisions of the Securitization Statute effectively exempts retail access customers from the portion of the Securitized Asset Cost Charges attributed to the Amos and Mountaineer generation plant balances while ensuring the Securitized Asset Cost Charges attributed to the distribution storm restoration costs are nonbypassable.

Subsequent to the transfer of Securitized Asset Cost Property to an assignee or the issuance of Securitized Asset Cost Bonds authorized herein, whichever is earlier, this Financing Order shall be irrevocable and, except for changes made pursuant to the formula-based mechanism authorized herein, the Commission shall not amend, modify, or terminate this Financing Order by any subsequent action or reduce, impair, postpone, terminate, or otherwise adjust Securitized Asset Cost Charges approved in the Financing Order. Upon issuance of this Financing Order, APCo shall retain sole discretion regarding whether to assign, sell, or otherwise transfer Securitized Asset Cost Property or to cause Securitized Asset Cost Bonds to be issued, including the right to defer or postpone such assignment, sale, transfer or issuance.

Treatment of Securitized Asset Cost Charges in Tariffs and on Retail Customer Bills

APCo is authorized and directed to include the Securitized Asset Cost Charge on each Customer's bill as a separate line item and include both the rate and the amount of the charge on each bill as required by Code § 56-249.8 D 2 and a statement that the SPE is the owner of the rights to the Securitized Asset Cost Charges and that APCo is acting as a servicer for the SPE as required by Code § 56-249.8 D 1.

Base Rate Adjustments

Pursuant to Code § 56-249.8 B 2 a (11), APCo's base rates, exclusive of the cost of Securitized Asset Cost Bonds, shall reflect the reduction of rate base associated with the securitization of utility plant balances, effective on the date proceeds from the issuance of the Securitized Asset Cost Bonds are received by APCo. As proposed by APCo, this requirement shall be satisfied through the use of a temporary tracker or rider to credit customers the amount of

the rate base reduction until such time as the reduction is reflected in base rates established in APCo's next base rate case. Additionally, as proposed by APCo, the utility plant portion of its Securitizable Balance that is currently recovered through its environmental rate adjustment clause rates shall be reflected in a credit for monthly over-/under-recovery calculations and entries in such rates. APCo shall file the necessary tariff sheets and supporting documentation with the Commission to implement these requirements.

True-Up of Securitized Asset Cost Charges

The True-Up Mechanism and associated procedures described in APCo's Tariff, and Appendices B, C and D hereto, are reasonable and appropriate and are hereby approved.

Non-Standard True-Up for Significant Load Shifts

In addition to the True-Up Mechanism, the servicer shall have the right to effect a non-standard true-up ("Non-Standard True-Up") in the event of a significant and sustained change in the forecasted load of any customer class. For purposes of this provision, a significant change shall be deemed to have occurred if the forecasted load of any customer class for the upcoming remittance period is projected to increase or decrease by 10% or more compared to the original projected load for that class as set forth in this Financing Order or in the most recent application of the True-Up Mechanism or a Non-Standard True-Up.

To effect such a change, the servicer shall file the proposed Non-Standard True-Up with the Commission, including supporting data and analysis demonstrating the magnitude and expected duration of the load shift, any changes in billing determinants the Non-Standard True-Up would implement, and the effective date for the adjustment, which must be at least 30 days after the date of the filing with the Commission. A Non-Standard True-Up may also incorporate, if applicable, any updated customer class allocation approved in APCo's most recent base rate

case. Upon the servicer's submission of a Non-Standard True-Up pursuant to this Financing Order, the Commission shall either administratively approve the Non-Standard True-Up in writing or inform the servicer that the Non-Standard True-Up (a) has mathematical or clerical errors; and/or (b) does not allocate the burden of Securitized Asset Cost Charges among customer classes in a manner that is consistent with the methodology approved in APCo's most recent base rate case. Upon administrative approval or the passage of 30 days without notification from the Commission regarding the Non-Standard True-Up, no further action of the Commission will be required prior to implementation of the Non-Standard True-Up. This Non-Standard True-Up is distinct from the True-Up Mechanism, both of which are intended to address, as applicable, under- or over-collections and incorporate the allocation of Securitized Asset Cost Charges among customer classes approved in APCo's most recent base rate case.

JUST AND REASONABLE SECURITIZED ASSET COST CHARGES

Subject to the requirements and conditions of this Financing Order, the issuance of Securitized Asset Cost Bonds is in the public interest and the associated Securitized Asset Cost Charges are just and reasonable. Further, the IAL process can confirm that Customers will benefit, on a net present value basis, from the issuance.

ISSUANCE ADVICE LETTER PROCESS

After the final terms of an issuance of Securitized Asset Cost Bonds have been established, and before the issuance of such bonds, APCo shall determine the resulting initial Securitized Asset Cost Charge in accordance with this Financing Order. Such initial Securitized Asset Cost Charge shall be final and effective upon the issuance of the Securitized Asset Cost Bonds without further action by the Commission, provided that the initial charge is consistent with the tenns of this Financing Order. To that end, because the actual structure and pricing of

the Securitized Asset Cost Bonds are unknown as of the issuance of this Financing Order, following determination of the final terms of the Securitized Asset Cost Bonds and before issuance of the Securitized Asset Cost Bonds, APCo will submit to the Commission for each series of Securitized Asset Cost Bonds, an IAL, as well as a form of True-Up Adjustment Letter ("TUAL") in substantially the forms attached hereto as Appendices B and C, respectively. In accordance with this Financing Order, the initial Securitized Asset Cost Charge and the final terms of the Securitized Asset Cost Bonds described in the IAL will be final, unless before noon on the third business day after pricing of the Securitized Asset Cost Bonds the Commission issues a letter finding that the proposed issuance does not comply with the following standards of this Financing Order: (i) the aggregate principal amount of Securitized Asset Cost Bonds issued does not exceed the Securitizable Balance; (ii) the Securitized Asset Cost Bonds will be issued in one or more series comprised of one or more tranches having a scheduled final payment date of no longer than approximately 20 years; (iii) the Securitized Asset Cost Bonds have received a preliminary rating of the targeted highest rating (e.g., Aaa(sf) / AAA(sf)) from at least two of the three major rating agencies (i.e., S&P, Moody's and Fitch); (iv) the Securitized Asset Cost Bonds are structured to achieve substantially level debt service payments on an annual basis; (v) the issuance of the Securitized Asset Cost Bonds has been structured in accordance with IRS Rev. Proc. 2005-62, 2005-2 C.B. 507, as modified by Revenue Procedure 2024-15, 2024-12 I.R.B. 707; and (vi) the structuring and pricing of the Securitized Asset Cost Bonds resulted in reasonable Securitized Asset Cost Charges consistent with market conditions at the time the Securitized Asset Cost Bonds are priced and the terms and conditions set forth in this Financing Order (collectively, "Standards of the Financing Order").

AUTHORITY

It is appropriate to grant APCo authority to establish (i) the terms and conditions of the Securitized Asset Cost Bonds, including but not limited to repayment schedules, expected interest rates, the issuance in one or more series consisting of one or more tranches with different maturity dates, and all other financing costs, and (ii) the terms and conditions of all ancillary documents related to the Securitized Asset Cost Bonds, including but not limited to the Servicing Agreement, Administration Agreement, Indenture, Purchase and Sale Agreement, and any other agreements necessary to effectuate the Securitization, provided that such terms and conditions are consistent with this Financing Order and applicable law.

CONCLUSION

This Financing Order adheres to the statutory requirements outlined by the Securitization Statute necessary to issue a financing order authorizing an electric utility to finance securitized asset costs.

Accordingly, IT IS ORDERED THAT:

Incorporation

(1) To the extent the findings of the Commission above include requirements for APCo, such requirements are incorporated as orders herein.

Approvals

(2) Approval of Petition. APCo's Petition for the issuance of a financing order pursuant to the Securitization Statute is approved, as provided in this Financing Order. An exemption from the requirements of Code § 56-77 A for the affiliate contracts or arrangements is in the public interest and granted pursuant to Code § 56-77 B, subject to the conditions set forth herein.

(3) Authority to Recover Securitized Asset Costs. APCo's Petition for Financing Order authorizing the issuances sponsored by APCo of Securitized Asset Cost Bonds in one or more series is granted, subject to the terms set forth in this Financing Order. APCo is hereby authorized to sponsor the issuance of Securitized Asset Cost Bonds secured by the pledge of Securitized Asset Cost Property, in one or more series consisting of one or more tranches in an aggregate principal amount not to exceed the Securitizable Balance of approximately $1,375,500,000 (as of the date the first series of Securitized Asset Cost Bonds are issued). The proceeds are to be used to finance approximately $1,364,256,421 of Securitized Asset Costs, *plus* Up-front Financing Costs of issuing the Securitized Asset Cost Bonds of approximately $11,243,579, the sum of which is the Securitizable Balance.

Up-front Financing Costs and On-going Financing Costs are subject to update, adjustment and approval pursuant to the terms of this Financing Order through the IAL procedures as provided by this Financing Order. The issuance of the Securitized Asset Cost Bonds is in the public interest, and the Securitized Asset Cost Charges are just and reasonable. The structuring and pricing of the Securitized Asset Cost Bonds shall be reasonably expected to result in reasonable Securitized Asset Cost Charges consistent with market conditions at the time the Securitized Asset Cost Bonds are priced and the terms set forth in this Financing Order through the IAL procedures and TUAL procedures. The Commission further hereby grants APCo the authority to establish (i) the terms and conditions of the Securitized Asset Cost Bonds, including but not limited to repayment schedules, expected interest rates, the issuance in one or more series consisting of one or more tranches with different maturity dates, and all other financing costs, and (ii) the terms and conditions of all ancillary documents related to the Securitized Asset Cost Bonds, including but not limited to the Servicing Agreement, Administration Agreement, Indenture, Purchase and Sale Agreement, and any other agreements necessary to effectuate the Securitization, in each case provided that such terms and conditions are consistent with this Financing Order and applicable law.

(4) Recovery of Excess Up-front Financing Costs. APCo's approach for recovery of any prudently incurred excess amounts of Up-front Financing Costs is reasonable.

(5) Recovery of Securitized Asset Cost Charges. The SPE sponsored by APCo shall impose on, and APCo shall collect, as initial servicer, from all existing and future Customers of APCo, irrespective of the generation provider of such Customers, except for exempt retail access customers (as noted above), as provided in this Financing Order. Securitized Asset Cost Charges in an amount sufficient to provide for the timely recovery of its periodic payment requirement (including, without limitation, payment of principal and interest on the Securitized Asset Cost Bonds and On-going Financing Costs).

(6) Approval of Tariffs. The form of the Virginia jurisdictional Securitized Asset Cost Charge Tariff attached as Appendix D to this Financing Order is approved.

(7) True-Up Mechanism. The True-Up Mechanism identified in Appendix C to this Financing Order is approved and shall be applied at least annually to correct any overcollections or undercollections and to ensure the billing of amounts necessary to generate collections of the Securitized Asset Cost Charge sufficient to timely provide payment of all amounts due on the Bonds and all other ongoing financing costs. The True-Up Mechanism will additionally be applied semi-annually (and at least quarterly beginning 12 months prior to the last scheduled final payment date of the last maturing tranche of a series of Securitized Asset Cost Bonds) if a servicer forecasts a shortfall in Securitized Asset Cost Charge collections to ensure the amount of Securitized Asset Cost Charges collected is sufficient to make all scheduled payments of principal

of and interest on the Bonds and ongoing financing costs on a timely basis, including to replenish draws on the capital subaccount. In addition to these annual, semi-annual and quarterly mandatory true-up adjustments, APCo will also be authorized to apply the True-Up Mechanism to make interim true-up adjustments from time-to-time in order to ensure recovery of amounts sufficient to the timely and full payment of interest and scheduled principal on the Securitized Asset Cost Bonds and other required amounts and charges in connection with the Securitized Asset Cost Bonds. The True-Up Mechanism shall also incorporate, if applicable, any updated customer class allocation approved in APCo's most recent base rate case.

(8) Form Agreements. The Commission finds good cause to authorize APCo to provide service to the SPE under the Servicing Agreement and for the Servicing Agreement to become effective upon issuance of the Securitized Asset Cost Bonds. The Commission finds good cause to authorize APCo to administer the SPE under the Administration Agreement and for the Administration Agreement to become effective upon issuance of the Securitized Asset Cost Bonds. The Commission finds good cause to authorize APCo to enter into the Purchase and Sale Agreement with the SPE to become effective upon issuance of the Securitized Asset Cost Bonds. The Commission finds good cause to authorize APCo to enter into the LLC Agreement for the SPE to become effective at any time prior to the issuance of the Securitized Asset Cost Bonds.

(9) Structure. The proposed transaction structure for the Securitized Asset Cost Bonds as set forth in the body of this Financing Order is approved.

Reports and Accounting

(10) Issuance Advice Letter. Prior to the expected commencement of marketing of the Securitized Asset Cost Bonds, APCo shall provide a draft IAL ("Draft IAL") to the Commission no later than two weeks prior to the anticipated start of marketing activities for the Securitized Asset Cost Bonds, substantially in the form of Appendix B to this Financing Order (setting forth only such information that is known at the time). The Commission shall provide comments (if any) no later than one week from the date it received the Draft IAL. The purpose of the Draft IAL is to facilitate review and comment by the Commission prior to the finalization of the bond structure and terms.

APCo shall subsequently submit the IAL in final form ("Final IAL") to the Commission within one business day after actual pricing of the Securitized Asset Cost Bonds, substantially in the form of Appendix B to this Financing Order describing the final structure and terms of the Securitized Asset Cost Bond issuance, including an updated accounting of the Up-front Financing Costs, and On-going Financing Costs. Finally, the Final IAL shall include a certification from APCo that the structuring, pricing and Financing Costs of the Securitized Asset Cost Bonds achieved the Statutory Cost Objectives. The Commission's review of the Final IAL shall be limited to determining whether the transaction complies with the Standards of this Financing Order and whether APCo has delivered the required certification. Unless the Commission issues a disapproval letter stopping the Securitized Asset Cost Bond issuance before noon on the third business day after pricing, the transaction shall be final, irrevocable and incontestable and shall proceed without any further action of this Commission. The Commission shall only issue a disapproval letter to stop the transaction if the Commission determines that (i) the transaction does not comply with the Standards of this Financing Order, or (ii) APCo has not delivered the required certification regarding achievement of the Statutory Cost Objectives. Prior to the submission of the Final IAL and through the period ending with the issuance of the Securitized Asset Cost Bonds, APCo will, to the extent requested by the Commission, provide the Commission or its Staff with timely information so that the Commission, acting for itself or through its Staff, can remain informed of all material aspects relating to the structuring and pricing of, and Financing Costs relating to, the Securitized Asset Cost Bonds and participate as directed.

(11) True-Up Adjustment Letter. APCo or its assignee(s) are authorized to recover the periodic payment requirement and shall submit to the Commission at least semi-annually (and at least quarterly beginning 12 months prior to the last scheduled payment date of the latest maturing tranche of each series of Securitized Asset Cost Bonds) or when elected by APCo for interim true-ups, a TUAL as described in this Financing Order that shall be based upon the cumulative differences, regardless of the reason, between the periodic payment requirement and the actual amount of Securitized Asset Cost Charge remittances to the trustee for the series of Securitized Asset Cost Bonds. Upon the servicer's submission of a TUAL made pursuant to this Financing Order, the Commission shall either administratively approve the requested true-up calculation in writing or inform the servicer of any mathematical or clerical errors in its calculation within 30 days following the servicer's true-up filing. Notification and correction of any mathematical or clerical errors shall be made so that the true-up is implemented within 30 days of the servicer's submission of a TUAL and no potential modification to correct an error in a TUAL shall delay its effective date and any correction or modification which could not be made prior to the effective date shall be made in the next TUAL. Upon administrative approval or the passage of 30 days without notification of a mathematical or clerical error, no further action of the Commission will be required prior to implementation of the true-up.

(12) Changes to Securitized Asset Cost Charges. Upon any change to Securitized Asset Cost Charges stemming from the True-Up Mechanism, APCo shall file revised tariff sheets with the Commission, provided, however, that the effectiveness of the Securitized Asset Cost Charges shall not be delayed or otherwise adversely impacted by the Commission's decision with respect to the tariff.

(13) Imposition and Collection, Nonbypassability. APCo, including its sponsored SPE, is authorized to impose, bill, charge, collect, receive, and adjust from time to time pursuant to the True-Up Mechanism (as described in this Financing Order) a Securitized Asset Cost Charge, to be collected from each of its existing and future Customers, irrespective of the generation supplier of such Customer, except for any exempt retail access customers (as noted above), until the related Securitized Asset Cost Bonds are paid in full and all related Financing Costs and other costs of the bonds have been recovered in full. Such Securitized Asset Cost Charges shall be nonbypassable charges that are separate and apart from APCo's base rates and shall be paid by all Customers of APCo or its successors or assignees under Commission-approved rate schedules as provided in this Financing Order. Such Securitized Asset Cost Charges shall be in amounts sufficient to ensure the timely payment of APCo's Securitized Asset Cost Bonds as detailed in this Financing Order and the Final IAL (including payment of principal of and interest on the Securitized Asset Cost Bonds and On-going Financing Costs).

(14) Allocation. The Securitized Asset Cost Charges shall be allocated to the Customer classes in accordance with the methodology approved in APCo's most recent base rate case, Case No. PUR-2024-00024. If, in any future base rate case(s), the Commission approves a different customer class allocation methodology, the Securitized Asset Cost Charges shall subsequently incorporate the new, approved methodology.

(15) Approval of Non-Standard True-Up Mechanism. In addition to the True-Up Mechanism, the servicer shall have the right to effect a Non-Standard True-Up in the event of a significant and sustained change in the forecasted load of any customer class. For purposes of this provision, a significant change shall be deemed to have occurred if the forecasted load of any customer class for the upcoming remittance period is projected to increase or decrease by 10% or more compared to the original projected load for that class as set forth in this Financing Order or in the most recent application of the True-Up Mechanism or a Non-Standard True-Up.

To effect such a change, the servicer shall file the proposed Non-Standard True-Up with the Commission, including supporting data and analysis demonstrating the magnitude and expected duration of the load shift, any changes in billing determinants the Non-Standard True-Up would implement, and the effective date for the adjustment, which must be at least 30 days after the date of the filing with the Commission. A Non-Standard True-Up shall also incorporate, if applicable, any updated customer class allocation approved in APCo's most recent base rate case. Upon the servicer's submission of a Non-Standard True-Up Adjustment pursuant to this Financing Order, the Commission shall either administratively approve the requested Non-standard True-Up in writing or inform the servicer that the Non-Standard True-Up (a) has mathematical or clerical errors; and/or (b) does not allocate the burden of Securitized Asset Cost Charges in a manner that is consistent with the allocation methodology approved in the Company's most recent base rate case. Upon administrative approval or the passage of 30 days without notification from the Commission regarding the Non-Standard True-Up, no further action of the Commission will be required prior to implementation of the Non-Standard True-Up. This Non-Standard True-Up is distinct from the True-Up Mechanism, both of which are intended to address, as applicable, under- or over-collections and do not alter the allocation of Securitized Asset Cost Charges among customer classes.

(16) Collection Period. This Financing Order and the Securitized Asset Cost Charges authorized hereby shall remain in effect until the Securitized Asset Cost Bonds and all Financing Costs (including tax liabilities) related thereto have been paid or recovered in full. This Financing Order shall remain in effect and unabated notwithstanding the reorganization, bankruptcy or other insolvency proceedings of APCo or its successors or assignees.

(17) Final Distribution. Following repayment of Securitized Asset Cost Bonds and the relevant Financing Costs authorized in this Financing Order and release of the funds by the indenture trustee, each SPE shall distribute the final balance of its collection account to APCo and APCo shall credit other electric rates and charges by a like amount, less the amount of the relevant capital subaccount and any unpaid return on invested capital due to APCo as set forth in the body of this Financing Order.

(18) Ownership Notification and Separate Line-Item Charge. The electric bills of APCo must explicitly reflect the rate and amount of the Securitized Asset Cost Charges on each bill and that a portion of the charges on such bill represents Securitized Asset Cost Charges approved in this Financing Order and must include a statement to the effect that the SPE is the owner of the rights to Securitized Asset Cost Charges and that APCo is acting as servicer for the SPE. The tariff applicable to Customers must indicate the Securitized Asset Cost Charges and the ownership of that charge. APCo shall identify amounts owed with respect to its Securitized Asset Cost Property as a separate line item on individual electric bills.

Securitized Asset Cost Property

(19) Outside Costs. Costs associated with the Commission's outside consultant and any outside counsel, to the extent such costs are eligible for compensation and approved for payment under the terms of such party's contractual arrangements with the Commission, as such arrangements may be modified by any amendment entered into at the Commission's sole discretion, will qualify as Up-front Financing Costs and be paid from proceeds of Securitized Asset Cost Bonds.

(20) Creation of Securitized Asset Cost Property. The creation of APCo's Securitized Asset Cost Property as described in this Financing Order is approved and, upon transfer of the Securitized Asset Cost Property to the SPE, shall be created, and shall consist of: (i) all rights and interests of APCo or its successors or assignees under this Financing Order, including the right to impose, bill, charge, collect and receive Securitized Asset Cost Charges authorized in this Financing Order and as initial servicer to obtain periodic adjustments to such charges as provided in this Financing Order, and (ii) all revenues, collections, claims, rights to payments, payments, money or proceeds arising from the rights and interests specified in this Financing Order, regardless of whether such revenues, collections, claims, rights to payment, payments, money or proceeds are imposed, billed, charged, collected or received with, or maintained together with or commingled with other revenues, collections, rights to payment, payments, money or proceeds. The creation of Securitized Asset Cost Property is conditioned upon, and shall be simultaneous with, the sale or other transfer of the Securitized Asset Cost Property to the SPE, the issuance of the Securitized Asset Cost Bonds and the pledge of the Securitized Asset Cost Property to secure a series of Securitized Asset Cost Bonds.

(21) True Sale. Any sale, assignment, or other transfer of Securitized Asset Cost Property pursuant to this Financing Order shall be an absolute transfer and true sale of, and not a pledge of or secured transaction relating to, the transferor's right, title, and interest in, to, and under the Securitized Asset Cost Property, provided that the documents governing the transaction expressly state that the transaction is a sale or other absolute transfer other than for federal and state income tax purposes. A transfer of an interest in Securitized Asset Cost Property shall occur

only when all of the following have occurred: (i) this Financing Order creating the Securitized Asset Cost Property has become effective; (ii) the documents evidencing the transfer of Securitized Asset Cost Property have been executed by APCo and the SPE; and (iii) value is received by APCo for the Securitized Asset Cost Property. Furthermore, the characterization of the sale, assignment, or other transfer as an absolute transfer and true sale, and the corresponding characterization of the interest of the SPE as an ownership interest, shall not be affected or impaired by the occurrence of any of the factors described in this Financing Order.

(22) Securitized Asset Cost Property Existence. The Securitized Asset Cost Property shall exist until the Securitized Asset Cost Bonds are paid in full and all Financing Costs and other related costs have been recovered in full.

(23) Irrevocability. Upon the earlier of either (i) the transfer of the Securitized Asset Cost Property or (ii) issuance of the Securitized Asset Cost Bonds, this Financing Order is irrevocable and, except for changes made pursuant to the formula-based mechanism authorized in this Financing Order, the Commission may not amend, modify, or terminate this Financing Order by any subsequent action or reduce, impair, postpone, terminate or otherwise adjust the Securitized Asset Cost Charges approved in this Financing Order.

Structure of Securitization

(24) SPE. APCo is authorized to utilize one or more SPEs to be structured as discussed in this Financing Order. APCo is authorized to execute one or more LLC Agreements, consistent with the form filed with the Commission and the terms and conditions of this Financing Order. Each SPE established by APCo for the purpose of issuing Securitized Asset Cost Bonds shall, at all times, have at least one independent manager or director ("Independent Manager"). The approval of the Independent Manager(s) shall be required for the SPE to take certain significant

actions: (i) instituting or consenting to the institution of bankruptcy, insolvency, or similar proceedings with respect to the SPE; (ii) dissolving, liquidating, consolidating, merging, or selling all or substantially all of the assets of the SPE; or (iii) amending the organizational documents of the SPE in a manner that would adversely affect the bankruptcy-remote status of the SPE or the interests of the holders of the Securitized Asset Cost Bonds.

Furthermore, the SPE shall be funded with an amount of capital that is sufficient for the SPE to carry out its intended functions as contemplated in the Petition and this Financing Order. The Commission approves an initial capital contribution of 0.5 percent of the initial aggregate principal amount of a series of Securitized Asset Cost Bonds or such other amount required to obtain the highest credit ratings. The capital contributions by APCo to the SPE shall be funded by APCo and not from the proceeds of the sale of Securitized Asset Cost Bonds. APCo will be permitted to earn a rate of return on its invested capital in its SPE equal to the authorized pre-tax weighted average cost of capital established in APCo's most recent base rate case and this return on invested capital should be a component of the periodic payment requirement.

(25) Servicing and Administration Fees. The servicing and administration fees collected by APCo or any affiliate of APCo, acting as either the servicer or the administrator under the Servicing Agreement or Administration Agreement, respectively, will be included in APCo's cost of service such that APCo will credit back all periodic servicing fees in excess of APCo's or an affiliate of APCo's incremental costs of performing servicing as administration functions, but only to the extent the targeted highest credit ratings on the Securitized Asset Cost Bonds are not impaired. The expenses incurred by APCo or such affiliate to perform obligations under the Servicing Agreement or Administration Agreement not otherwise recovered through the Securitized Asset Cost Charges will likewise be included in APCo's cost of service. In the event a substitute servicer shall be required, and such substitute servicer is not affiliated with APCo, the annual servicing fee for such substitute servicer shall not exceed 0.60 percent of the initial principal amount of the applicable series of Securitized Asset Cost Bonds.

(26) APCo as Servicer. APCo shall act as initial servicer under the proposed financing transaction and is granted flexibility to act as initial servicer pursuant to the Servicing Agreement discussed in this Financing Order.

(27) Third Party Providers. If the Commonwealth or the Commission decides to allow billing, and collection of charges, including the Securitized Asset Cost Charges, by a third-party provider within the APCo service territory, such authorization will be consistent with the rating agencies' requirements necessary for the Securitized Asset Cost Bonds to receive and maintain the targeted highest credit rating.

(28) Issuance. In accordance with the terms of this Financing Order and subject to the criteria and procedures described herein, the SPE is authorized to issue Securitized Asset Cost Bonds in an aggregate principal amount not to exceed the Securitizable Balance (as of the date the Securitized Asset Cost Bonds are issued) and may pledge to an indenture trustee, as collateral for payment of the Securitized Asset Cost Bonds, the Securitized Asset Cost Property, including the SPE's right to receive the related Securitized Asset Cost Charges as and when collected, the SPE's rights under the Servicing Agreement and other collateral described in the Indenture. As provided in Code § 56-249.8 B 2 e, APCo retains sole discretion regarding whether to assign, sell or otherwise transfer Securitized Asset Property or to cause the Securitized Asset Cost Bonds to be issued, including the right to defer or postpone such assignment, sale, transfer or issuance and the Commission will not refuse to allow APCo to recover Securitized Asset Costs in an otherwise permissible fashion.

(29) IRS Safe Harbor Provisions. APCo shall be responsible to structure the Securitized Asset Cost Bond transactions in a way that complies with the "safe harbor" provisions of IRS Revenue Procedure 2005-62, 2005-2 C.B. 507. as modified by Revenue Procedure 2024-15, 2024-12 I.R.B. 707.

(30) Commission and Commonwealth Pledges. The Commission, on behalf of itself and the Commonwealth in accordance with the Securitization Statute, pledges and agrees with the holders of the Securitized Asset Cost Bonds, the owners of the Securitized Asset Cost Property, and other financing parties that the Commission and the Commonwealth and its agencies shall not take any action to: (i) alter the provisions of the Securitization Statute that authorize the Commission to create an irrevocable contract right or chose in action by the issuance of this Financing Order, to create securitized asset cost property in the form of the Securitized Asset Cost Property, and to make the securitized asset cost charges imposed by this Financing Order in the form of the Securitized Asset Cost Charges irrevocable, binding, or nonbypassable charges; (ii) take or permit any action that impairs or would impair the value of the Securitized Asset Cost Property or the security for the Securitized Asset Cost Bonds or revises the Securitized Asset Costs for which recovery is authorized; (iii) in any way impair the rights and remedies of the bondholders, assignees, and other financing parties related thereto; or (iv) except for changes made pursuant to the formula-based adjustment mechanism authorized under this Financing Order, reduce, alter, or impair Securitized Asset Cost Charges that are to be imposed, billed, charged, collected, and remitted for the benefit of such bondholders, assignees, and financing parties until any and all principal, interest, premium, financing costs and other fees, expenses, or charges incurred, and any contracts to be performed, in connection with the related Securitized Asset Cost Bonds have been paid and performed in full.

(31) Inclusion of Pledges and Effect. The SPE issuing Securitized Asset Cost Bonds is authorized, pursuant to Code § 56-249.8 K 2 and this Financing Order, to include the Commonwealth pledge, and a pledge by the Commission, with respect to Securitized Asset Cost Property and Securitized Asset Cost Bonds and related documentation as provided for in Code § 56-249.8 K 1. The Commission finds that these pledges will constitute pledges of the Commonwealth and Commission to bondholders, the owners of Securitized Asset Cost Property, the SPE issuing Securitized Asset Cost Bonds, and other financing parties. The Commission further acknowledges that the SPE issuing the Securitized Asset Cost Bonds would be considered one of the financing parties for purposes of Code § 56-249.8 K.

(32) This case is dismissed.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission.

Appendix A

SUMMARY OF CALCULATION OF APCO'S SECURITIZABLE BALANCE

(In Thousands)

Estimated Securitized Asset Costs	$1,364,256
Estimated Aggregate Customer Opt-Out Payments	$ 0[1]
Estimated Up-front Financing Costs[2]	$ 11,243
Estimated Principal Amount Securitized Asset Cost Bonds	$1,375,500

1 No customer provided APCo with the written notice required to opt out of the Securitized Asset Cost Charges.

2 Final Up-front Financing Costs to be included in the Issuance Advice Letter.

Appendix B

[Form of Issuance Advice Letter]

[____, 20__]

VIA ELECTRONIC SUBMISSION

To the State Corporation Commission:

In compliance with the terms of the Financing Order issued by the State Corporation Commission ("Commission") in Case No. PUR-2025-00116 ("Financing Order"), Appalachian Power Company ("APCo") is submitting to the Commission this Issuance Advice Letter with respect to the Securitized Asset Cost Bonds described in the "Issuance Information" section below. Any terms not defined in this Issuance Advice Letter will have the meanings ascribed to those terms in either the Financing Order or Code § 56-249.8.

In the Financing Order, the Commission requires APCo to submit to the Commission an Issuance Advice Letter for the Securitized Asset Cost Bonds within one business day after determination of the final terms of the Securitized Asset Cost Bonds but before the issuance of the Securitized Asset Cost Bonds.

Final Structure and Terms:

Under the Financing Order, the Commission requires the Issuance Advice Letter to describe the final structure and terms of the Securitized Asset Cost Bond issuance, including an updated accounting of the Up-front Financing Costs, and On-going Financing Costs. The final structure and terms of the Securitized Asset Cost Bonds to be issued in accordance with this Issuance Advice Letter are as follows:

Name of Securitized Asset Cost Bonds: [ ]
Name of SPE: [ ]
Name of Securitized Asset Cost Bond Trustee: [ ]
Pricing Date: [ ]
Expected Closing Date: [ ]
Preliminary Bond Ratings:[1] Moody's, [Aaa(sf)]; Standard & Poor's, [AAA(sf)]; Fitch, [AAAsf] (final ratings to be received prior to closing)
Total Principal Amount of Securitized Asset Cost Bonds (equal to Securitized Asset Costs plus Up-front Financing Costs): $[ ] (See Attachment 1)
Estimated Up-front Financing Costs: $[ ] (See Appendix B, Attachment 2)
Interest Rates and Expected Amortization Schedules (See Appendix B, Attachment 3)
Distributions to Investors: Semi-annually
Weighted Average Coupon Rate:[2] [ ]%
Annualized Weighted Average Yield:[3] [ ]%

1 APCo anticipates receiving bond ratings from at least two of the three major rating agencies.
2 Weighted by modified duration and principal amount of each tranche.
3 Weighted by modified duration and principal amount, calculated including selling commissions.

Initial Balance of Capital Subaccount: $[ ]
Estimated/ Actual On-going Financing Costs for first year of Securitized Asset Cost Bonds:

$[ ] (See Appendix B, Attachment 4)

Certification by APCo:

Under the Financing Order, the Commission also requires a certification from APCo that the structuring, pricing and Financing Costs of the Securitized Asset Cost Bonds achieved the Statutory Cost Objectives, APCo's certification is set forth in Appendix B, Attachment 5, which also includes the statement of the actions taken by APCo to achieve the Statutory Cost Objectives as required by the Financing Order.

Review by the Commission:

Under the Financing Order, unless the Commission issues a letter stopping the Securitized Asset Cost Bond issuance before noon on the third business day after the pricing date, the transaction shall be final, irrevocable and incontestable and shall proceed without any further action of the Commission.

Under the Financing Order, the Commission shall only issue a letter to stop the transaction if the Commission determines that (a) the transaction does not comply with the Standards of the Financing Order, or (b) APCo has not delivered the required certification.

As further detailed in the Financing Order, the Standards of the Financing Order are as follows:

- the aggregate principal amount of Securitized Asset Cost Bonds issued does not exceed the Securitizable Balance;
- [each tranche of] the Securitized Asset Cost Bonds [have / has] a scheduled final payment date of no longer than approximately [•] years;
- the Securitized Asset Cost Bonds have received a preliminary rating of targeted highest rating (e.g., Aaa(sf) / AAA(sf)) from at least two of the three major rating agencies;
- the Securitized Asset Cost Bonds are structured to achieve substantially level debt service payments on an annual basis;
- the issuance of the Securitized Asset Cost Bonds has been structured in accordance with IRS Rev. Proc. 2005-62,2005-2 C.B. 507, as modified by Revenue Procedure 2024-15, 2024-12 I.R.B. 707; and
- the structuring and pricing of the Securitized Asset Cost Bonds resulted in reasonable Securitized Asset Cost Charges consistent with market conditions at the time of pricing the Securitized Asset Cost Bonds and the terms set forth in the Financing Order.

Respectfully Submitted,

Appalachian Power Company

Attachment 1

TOTAL PRINCIPAL AMOUNT OF SECURITIZED ASSET COST BONDS TO BE ISSUED (TOTAL AMOUNT OF SECURITIZED ASSET COST AND UP-FRONT FINANCING COSTS TO BE FINANCED)

Securitized asset costs	$
Estimated Up-front Financing Costs included in Proposed	$
Total Securitized Asset Cost Bond Issuance (rounded up)	$

Attachment 2

ESTIMATED UP-FRONT FINANCING COSTS

Legal Fees	$
Fee for Commission Financial Advisor & Company's Structuring Advisor	$
Printing / EDGARizing Expenses	$
Miscellaneous Administrative Costs	$
Rating Agency Fees	$
Accounting Fees	$
Servicer Set-up Costs	$
Trustee's Fees and Expenses	$
Underwriters' Fees and Expenses	$
Securities and Exchange Commission Fees	$
Original Issue Discount	$
Miscellaneous Fees and Expenses	$
TOTAL ESTIMATED UP-FRONT FINANCING COSTS	$

Attachment 3

EXPECTED AMORTIZATION SCHEDULE

A. General Terms

Tranche	Price	Coupon	Average Life	Scheduled Final Payment	Legal Final Maturity

B. Scheduled Amortization Requirement of Securitized Asset Cost Bonds

Series [ ], Tranche [A-1]

Payment Date	Beginning Principal Balance	Interest	Principal	Total Payment	Ending Principal Balance

Series [ ], Tranche [A-2]

Payment Date	Beginning Principal Balance	Interest	Principal	Total Payment	Ending Principal Balance

Series [ ], Tranche [A-3]

Payment Date	Beginning Principal Balance	Interest	Principal	Total Payment	Ending Principal Balance

Attachment 4

ESTIMATED ANNUAL ON-GOING FINANCING COSTS

	Annual Amount
Ongoing Servicer Fee[4]	$
Administration Fee	$
Accounting Fees	$
Legal Fees	$
Trustee Fees and Expenses	$
Independent Manager Fees	$
Rating Agency Fees	$
Return on Invested Capital	$
Regulatory Assessment Fees	$
Miscellaneous Fees and Expenses	$
TOTAL ESTIMATED ANNUAL ON-GOING FINANCING COSTS	$

[4] Low end of the range assumes APCo is the servicer (0.05%). Upper end of the range reflects an alternative servicer (0.60%), if approved by the Commission.

Attachment 5

CERTIFICATION
OF
APPALACHIAN POWER COMPANY

[_____, 20__]

VIA ELECTRONIC SUBMISSION

To the State Corporation Commission:

In compliance with the terms of the Financing Order issued by the State Corporation Commission ("Commission") in Case No. PUR-2025-00116 ("Financing Order"), Appalachian Power Company ("APCo") submits this Certification. All capitalized terms not defined in this letter shall have the meanings ascribed to them in the Financing Order.

In its Issuance Advice Letter dated [_____, 20__], APCo has set forth the following particulars of the Securitized Asset Cost Bonds:

Name of Securitized Asset Cost Bonds: [ ]
Name of SPE: [ ]
Name of Securitized Asset Cost Bond Trustee: [ ]
Pricing Date: [ ]
Expected Closing Date: [ ]
Preliminary Bond Ratings:[5] Moody's; [Aaa(sf)]; Standard & Poor's, [AAA(sf)]; Fitch, [AAAsf] (final ratings to be received prior to closing)
Total Principal Amount of Securitized Asset Cost Bonds (equal to Securitized Asset Costs plus Up-front Financing Costs): $[ ]
Estimated Up-front Financing Costs: $[ ]
Interest Rates and Expected Amortization Schedules of the Securitized Asset Cost Bonds and
Distributions to Investors: Semi-annually
Weighted Average Coupon Rate:[6] [ ]%
Annualized Weighted Average Yield:[7] [ ]%
Initial Balance of Capital Subaccount: $[ ]
Estimated/Actual On-going Financing Costs for first year of Securitized Asset Cost Bonds:
$[ ]

5 APCo anticipates receiving bond ratings from at least two of the three major rating agencies.
6 Weighted by modified duration and principal amount of each tranche.
7 Weighted by modified duration and principal amount, calculated including selling commissions.

In accordance with the procedures set forth in the Financing Order, the following actions were taken in connection with the structuring and pricing of the Securitized Asset Cost Bonds and the determination of the related financing costs in order to satisfy the Statutory Cost Objectives:

- Included credit enhancements in the form of the true-up mechanism and an equity contribution to [ ] of 0.50% of the original principal amount of the bonds;
- Developed rating agency presentations and worked actively with the rating agencies during the rating agency process to achieve Aaa(sf) / AAAsf from at least two of the three major rating agencies;
- Worked to select key transaction participants, including lead underwriters and co-managers through an RFP process to determine that they have relevant experience and execution capabilities, and who were aligned with APCo's objectives, namely broad distribution to investors and willingness to market the bonds in a manner consistent with the superior credit quality and uniqueness of the bonds;
- Hired a diverse group of underwriters, including underwriters with international and mid-tier expertise in order to attract a wide variety of potential investors;
- Reviewed detailed marketing plans submitted by each lead underwriter;
- Allowed sufficient time for investors to review [relevant marketing materials] and the preliminary prospectus and to ask questions regarding the transaction;
- Attended telephonic pre-marketing investor meetings in [ ];
- Arranged issuance of rating agency pre-sale reports during the marketing period;
- During the period that the bonds were marketed, held several market update discussions with the underwriting team and the [ ] to develop recommendation for pricing;
- Had multiple conversations with all of the members of the underwriting team during the marketing phase in which we stressed the requirements of the Financing Order;
- Developed and implemented a marketing plan designed to encourage each of the underwriters to aggressively market the bonds to a broad base of prospective corporate and asset backed securities investors;
- Conducted in person and telephonic roadshows with over [ ] investors in [ ] cities;
- Provided other potential investors with access to an internet roadshow for viewing at investors' convenience;
- Adapted the bond offering to market conditions and investor demand at the time of pricing consistent with the guidelines outlined within the Financing Order. Variables impacting the final structure of the transaction were evaluated including the length of the average lives and maturity of the bonds and the interest rate requirements at the time of pricing so that the structure of the transaction would correspond to investor preferences and rating agency requirements for the highest rating possible; and

- Developed bond allocations, underwriter compensation and preliminary price guidance designed to achieve customer savings.]

Based on the statutory criteria and procedures, the record in this proceeding, and other provisions of the Financing Order, APCo certifies the statutory requirements for issuance of the Securitized Asset Cost Bonds have been met, specifically that the imposition and collecting of the Securitized Asset Cost Charges as authorized by the Financing Order provides quantifiable benefits to customers of APCo as compared to the costs that would have been incurred absent the issuance of the Securitized Asset Cost Bonds and that the structuring, pricing and financing costs of the Securitized Asset Cost Bonds are reasonably expected to result in reasonable Securitized Asset Cost Charges consistent with market conditions at the time the Securitized Asset Cost Bonds are priced and the terms set forth in the Financing Order. For purposes of this certification, "quantifiable benefits to customers" includes lower bill impacts and a positive net present value calculation compared to traditional cost recovery methods. Updated bond pricing, Staff's cash flow rendering, and an updated weighted average cost of capital were incorporated in such net present value calculations.

This certification is being provided to the Commission by APCo in accordance with the terms of the Financing Order, and no one other than the Commission shall be entitled to rely on the certification provided herein for any purpose.

Respectfully Submitted,

Appalachian Power Company

[Company Address]

BY ELECTRONIC SUBMISSION

DATE

[Name]
Document Control Center
State Corporation Commission of Virginia
1300 East Main Street
Richmond, Virginia 23219

[Form of True-Up Adjustment Letter]

Petition of Appalachian Power Company,
For a financing order authorizing the issuance of securitized asset cost bonds
pursuant to § 56-249.8 of the Code of Virginia
Case No. PUR-2025-00116

Dear *[Name]:*

Pursuant to the Virginia State Corporation Commission's ("Commission") [_____, 20__] Order in Case No. PUR-2025-00116 ("Financing Order"), Appalachian Power Company ("APCo") as Servicer of the securitized asset cost bonds ("Securitized Asset Cost Bonds") has filed a request for an adjustment to the securitized asset cost charges ("Securitized Asset Cost Charges"). This adjustment is intended to satisfy the requirements of Code § 56-249.8 B 2 d, and the Financing Order by ensuring that the Securitized Asset Cost Charges will recover amounts sufficient to timely provide for payments of debt service and other required amounts in connection with the Securitized Asset Cost Bonds. Per the Financing Order, APCo will submit at least semi-annually (and at least quarterly beginning 12 months prior to the last scheduled payment date of the latest maturing tranche of this series of Securitized Asset Cost Bonds or when elected by APCo for interim true-ups) a letter in this docket for Commission review, as described in Code § 56-249.8 B 2 D and in the form attached thereto ("True-up Adjustment Letter" or, "TUAL"). The Securitized Asset Cost Bonds were issued on [_____, 20__]. APCo filed its first True-Up Adjustment Letter on [_____, 20__].

Ordering Paragraph 10 of the Financing Order describes how such True-Up Adjustment Letters are to be handled:

> Upon the servicer's submission of a TUAL made pursuant to this Financing Order, the Commission shall either administratively approve the requested true-up calculation in writing or inform the servicer of any mathematical or clerical errors in its calculation within 30 days following the servicer's true-up filing. Notification

and correction of any mathematical or clerical errors shall be made so that the true-up is implemented within 30 days of the servicer's submission of a TUAL and no potential modification to correct an error in a TUAL shall delay its effective date and any correction or modification which could not be made prior to the effective date shall be made in the next TUAL. Upon [administrative approval] or the passage of 30 days without notification of a mathematical or clerical error, no further action of the Commission will be required prior to implementation of the true-up.

Attached is the Revised Sheet No. [ ] reflecting the change in the Securitized Asset Cost Charges.

Per APCo's request in its True-Up Adjustment Letter and in accordance with the Financing Order, the proposed adjustments to the Securitized Asset Cost Charges will be effective on [_____, 20__].

Respectfully submitted,

Appalachian Power Company

Enclosures

Appendix C

Securitized Asset Cost Charge True-up Mechanism Form
For Securitized Asset Cost Charge to be effective _____

Prior Period True-Up	
Beginning Excess Subaccount Balance as of [date] (a)	—
Inflows	—
Collections (b)	—
Interest Earned (c)	—
Total Inflows	—
Outflows	—
Principal	—
Interest	—
Expenses	—
Total Outflows (d)	—
Net Surplus/(Shortfall)	—
Write-off Allowance (e)	—
Shortfall Revenue Requirement (f)	—
Prior Period Over/(Under)	—

SAC Rate Class	Percentage	(a) Beginning Acct Balance	(b) Prior Period Collections	(c) Interest Earned	(d) Prior Period Outflows	(e) Write-off Allowance	(f) Forecasted Payment Shortfall	a+b+c+d+e+f True-up Over/(Under)
Residential (RS)	61.32%	—	—	—	—	—	—	—
Commercial - Secondary (SGS, SWS)	4.96%	—	—	—	—	—	—	—
Commercial - Secondary OAD (SGS, SWS)	0.00%	—	—	—	—	—	—	—
Commercial - Primary (SGS)	0.02%	—	—	—	—	—	—	—
Commercial - Primary OAD (SGS)	0.00%	—	—	—	—	—	—	—
Commercial - Secondary GS	14.47%	—	—	—	—	—	—	—
Commercial - Secondary GS OAD	0.00%	—	—	—	—	—	—	—
Commercial - Primary GS	1.31%	—				—	—	—
Commercial - Primary GS OAD	0.01%	—	—	—	—	—	—	—
Commercial - Subtransmission GS	0.08%	—	—	—	—	—	—	—
Commercial - Subtransmission GS OAD	0.00%	—	—	—	—	—	—	—
Commercial - Transmission GS	0.01%	—	—	—	—	—	—	—
Commercial - Transmission GS OAD	0.00%	—	—	—	—	—	—	—
Commercial - Lighting (OL)	0.10%	—		—	—	—	—	—
Commercial - Lighting OAD (OL)	0.00%	—	—	—	—	—	—	—
Commercial - GS TOD, LGS TOD Secondary	0.34%	—	—	—	—	—	—	—
Commercial - GSTOD, LGS TOD Primary	0.00%	—	—	—	—	—	—	—
Industrial - Secondary (LPS)	0.87%	—	—	—	—	—		
Industrial - Secondary OAD (LPS)	0.00%	—	—	—	—	—	—	—
Industrial - Primary (LPS)	8.03%	—	—	—	—	—		
Industrial - Primary OAD (LPS)	0.02%	—	—	—	—	—	—	—
Industrial - Subtransmission (LPS)	6.58%	—	—	—	—	—	—	—
Industrial - Subtransmission OAD (LPS)	0.00%	—	—	—	—	—	—	—
Industrial - Transmission (LPS)	1.88%	—	—	—	—	—	—	—
Industrial - Transmission OAD (LPS)	0.00%	—	—	—	—	—	—	—
Total		—	—	—	—	—	—	—

Form of Securitized Asset Cost Charge Rate Schedule

(See attached.)

VA. S.C.C. TARIFF NO. 28

RIDER O.A.D. S.A.C.
(Open Access Distribution Service - Securitized Asset Cost Rider)

AVAILABILITY OF SERVICE

Effective with service rendered on or after Month Day. YEAR, the rates in Securitized Asset Cost Rider will be applied to all customer bills, rendered under the applicable Standard and F.O.A.D. Schedules or Special Contracts. The S.A.C Rider shall be calculated by multiplying the kWhs of energy and **kWs** of demand by the rates below:

Issued: **Effective:**

Pursuant to Final Order

Dated:

Case PUR-2025-00116

VA. S.C.C. TARIFF NO. 28

RIDER O.A.D. S.A.C.

(Open Access Distribution Service - Securitized Asset Cost Rider)

Summary' of Demand and Energy' Surcharges

	Energy ($ per kWh)	Demand ($ per kW)	Demand (Off-Peak Excess) ($ per kW)
Residential - (011,013,014,015,019,020,051,054)	0.00xxx		
Residential - TOD (030,031,036)	0.00xxx		
	0.00xxx		
SWS (222)	0.00xxx		
SGS - (231,233,234,213,281)	0.00xxx		
SGS - LMTOD (225,226)	0.00xxx		
	0.00xxx		
GS-TOD-Secondary (229,230)	On Peak 0.000xx		
	Off Peak 0.000xx		
GS-TOD-Primary (227)	On Peak 0.000xx		
	Off Peak 0.000xx		
GS-Secondary-(261)-Block 1	0.00xxx	0.xx	0.xx
Block 2	0.00xxx		
GS-Primarv-(263)-Block 1	0.00xxx	0.xx	0.xx
Block 2	0.00xxx		
GS-Subtrans.-(265)-Block 1	0.00xxx	0.xx	0.xx
Block 2	0.00xxx		
GS-Transmission-(267)-Block 1	0.00xxx	0.xx	0.xx
Block 2	0.00xxx		
LPS - Secondary (302)	0.00xxx	0.xx	0.xx
LPS - Primary (306)	0.00xxx	0.xx	0.xx
LGS-TOD Secondary (337)	On Peak 0.000xx		
	Off Peak 0.000xx		
LGS-TOD-Primary (227)	On Peak 0.000xx		
	Off Peak 0.000xx		
LPS - Subtrans (308 & 309)	0.000xx	0.xx	0.xx
LPS - Transmission (310)	0.000xx	0.xx	0.xx
OL (093 to 143)	0.00xxx		

Rates will remain in effect until modified by the Commission

Issued: **Effective:**

Pursuant to Final Order

Dated:

Case PUR - 2025-00116

VA. S.C.C. TARIFF NO. 28

RIDER O.A.D. S.A.C.

(Open Access Distribution Service—Securitized Asset Cost Rider)

This S.A.C. rider is subject to adjustment at least annually to ensure timely payment of principal, interest, and financing costs of securitized asset cost bonds from the effective date of the Securitized Asset Cost Rider until the securitized asset cost bonds have been paid in full or legally discharged and the financing costs have been fully recovered. Such adjustments can occur through the True-Up Mechanism or a Non-Standard True-Up, as approved by the Financing Order in Case No. PUR-2025-00116. As approved by the Commission, a special purpose entity ("SPE"), wholly owned by the Company, has been created and is the owner of the deferred fuel cost bonds which includes all rights to impose, bill, charge, collect, and receive relevant Securitized Asset Cost Charge and obtain periodic adjustment to such charges. The Company, as servicer, shall act as SPE's collection agent for the relevant Securitized Asset Cost Charge.

Issued: **Effective:**

Pursuant to Final Order

Dated:

Case PUR-2025-00116

VA. S.C.C. TARIFF NO. 28

RIDER O.A.D. S.A.C.
(Open Access Distribution Service - Securitized Asset Cost Rider)

AVAILABILITY OF SERVICE

Effective with service rendered on or after Month Day, YEAR, the rates in Securitized Asset Cost Rider will be applied to all customer bills, rendered under the applicable Standard, O.A.D. and F.O.A.D. Schedules or Special Contracts. The S.A.C. Rider shall be calculated by multiplying the kWhs of energy and kWs of demand by the rates below.

Schedule	Energy Rate per kWh		Demand Rate per kW
SGS - (231F,233F,234F,2I3F,281F)	$0.000xx		
GS-Secondary (261F)	Block 1 Block 2	$0.000xx $0.000xx	
GS-Primary (263F)	Block 1 Block 2	$0.000xx $0.000xx	
GS-Subtransmisson (265F)	Block 1 Block 2	$0.000xx $0.000xx	
GS-Ttansmission (267F)	Block 1 Block 2	$0.000xx $0.000xx	
LPS - Secondary (302F)			$0.0x
LPS - Primary (306F)			$0.0x
LPS - Subtrausmission (308F) (309F)			$0.0x
LPS - Transmission (310F)			$0.0x

Rates will remain in effect until modified by the Commission

This S.A.C. rider is subject to adjustment at least annually to ensure timely payment of principal, interest, and financing costs of securitized asset cost bonds from the effective date of the Securitized Asset Cost Rider until the securitized asset cost bonds have been paid in full or legally discharged and the financing costs have been fully recovered. Such adjustments can occur through the True-Up Mechanism or a Non-Standard True-Up, as approved by the Financing Order in Case No. PUR-2025-00116. As approved by the Commission, a special purpose entity (“SPE”), wholly owned by the Company, has been created and is the owner of the deferred fuel cost bonds which includes all rights to impose, bill, charge, collect, and receive relevant Securitized Asset Cost Charge and obtain periodic adjustment to such charges. The Company, as servicer, shall act as SPE’s collection agent for the relevant Securitized Asset Cost Charge.

Issued: **Effective:**

Pursuant to Final Order

Dated:

Case PUR-2025-00116

VA. S.C.C. TARIFF NO. 28

RIDER O.A.D. S.A.C.
(Open Access Distribution Service - Securitized Asset Cost Rider)

AVAILABILITY OF SERVICE

Effective with service rendered on or after Month Day, YEAR, the rates in Securitized Asset Cost Rider will be applied to all customer bills, rendered under the applicable Standard, O.A.D. and F.O.A.D. Schedules or Special Contracts.

The S.A.C. Rider shall be calculated by multiplying the kWhs of energy and kWs of demand by the rates below:

Schedule	Energy Rate per kWh		Demand Rate per kW
SGS - (231F,233F,234F,213F,281F)	$0.000xx		
GS-Secondary (261F)	Block 1 Block 2	$0.000xx $0.000xx	
GS-Primary (263F)	Block 1 Block 2	$0.000xx $0.000xx	
GS-Subtransntission (265F)	Block 1 Block 2	$0.000xx $0.000xx	
GS-Transmission (267F)	Block 1 Block 2	$0.000xx $0.000xx	
LPS - Secondary (302F)			$0.0x
LPS - Primary (306F)			$0.0x
LPS - Subtransmission (308F) (309F)			$0.0x
LPS - Transmission (310F)			$0.0x

This S.A.C. rider is subject to adjustment at least annually to ensure timely payment of principal, interest, and financing costs of securitized asset cost bonds from the effective date of the Securitized Asset Cost Rider until the securitized asset cost bonds have been paid in full or legally discharged and the financing costs have been fully recovered. Such adjustments can occur through the True-Up Mechanism or a Non-Standard True-Up, as approved by the Financing Order in Case No. PUR-2025-00116. As approved by the Commission, a special purpose entity (“SPE”), wholly owned by the Company, has been created and is the owner of the deferred fuel cost bonds which includes all rights to impose, bill, charge, collect, and receive relevant Securitized Asset Cost Charge and obtain periodic adjustment to such charges. The Company, as servicer, shall act as SPE’s collection agent for the relevant Securitized Asset Cost Charge.

Issued: **Effective:**

Pursuant to Final Order

Dated:

Case PUR-2025-00116

EXHIBIT 107

Calculation of Filing Fee Table

Form SF-1

(Form Type)

Appalachian Power Company

(Exact Name of Registrant, Sponsor and Depositor as Specified in its Charter)

Appalachian Power Recovery Funding LLC

(Exact Name of Registrant and Issuing Entity as Specified in its Charter)

Table 1: Newly Registered Securities

	Security Type	Security Class Title	Fee Calculation or Carry Forward Rule	Amount Registered	Proposed Maximum Offering Price Per Unit	Maximum Aggregate Offering Price[1]	Fee Rate	Amount of Registration Fee[1]
Fees to Be Paid	Asset-Backed Securities	Series 2026 Senior Secured SAC Bonds	Rule 457(o)	1,000,000	100%	$1,000,000	0.00013810	$138.10
	Total Offering Amounts					$1,000,000		$138.10
	Net Fee Due							$138.10

(1) Estimated solely for the purpose of calculating the registration fee.